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Supreme Court of the United States

OCTOBER TERM, 1944

No. 296

**PANHANDLE EASTERN PIPE LINE COMPANY,
ILLINOIS NATURAL GAS COMPANY AND MICHIGAN
GAS TRANSMISSION CORPORATION, PETI-
TIONERS,**

vs.

**FEDERAL POWER COMMISSION, CITY OF DE-
TROIT, COUNTY OF WAYNE, MICHIGAN, ET AL**

**ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT
OF APPEALS FOR THE EIGHTH CIRCUIT**

PETITION FOR CERTIORARI FILED JULY 28, 1944.

CERTIORARI GRANTED JANUARY 3, 1945.

VOL. XIII.
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United States Circuit Court of Appeals
EIGHTH CIRCUIT.

No. 12,466

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Illinois Natural Gas Company

Earnings
Summary 3

Month of December 1941

	Detail on Page	Amount		Increase or Decrease	
		This Year	Last Year		
		Month Of December			
Gross Revenues					1
Gas	4A	238 603 07	238 855 70	252 63	2
Gasoline	5A				3
Non-Operating	7	1 707 99	8 00	1 699 99	4
					5
					6
Total Revenues		240 311 06	238 863 70	1 447 36	7
Operating Expenses					8
Operation	x x	208 594 94	202 783 47	5 811 47	9
Maintenance	x x	1 208 86	1 507 11	*298 25	10
Depreciation, Depletion and Amortization	x x	7 500 00	6 770 00	730 00	11
Taxes—Federal Income	x x	5 200 00	5 700 00	*500 00	12
Taxes—Federal Excess Profits	x x				13
Taxes—Other	x x	2 314 99	3 102 89	*787 90	14
Total Expenses		224 818 79	219 863 47	4 955 32	15
Net Operating Revenue		15 492 27	19 000 23	*3 507 96	16
Other Income	9				17
Gross Corporate Income		15 492 27	19 000 23	*3 507 96	18
Other Deductions	9				19
Less: Interest Charged to Construction	9				20
Net Income		15 492 27	19 000 23	*3 507 96	21

Months Ended

Gross Revenues					22
Gas	4B				23
Gasoline	5B				24
Non-Operating	7				25
					26
Total Revenues					27
Operating Expenses					28
Operation	x x				29
Maintenance	x x				30
Depreciation, Depletion and Amortization	x x				31
Taxes—Federal Income	x x				32
Taxes—Federal Excess Profits	x x				33
Taxes—Other	x x				34
Total Expenses					35
Net Operating Revenue					36
Other Income	9				37
Gross Corporate Income					38
Other Deductions	9				39
Less: Interest Charged to Construction	9				40
Net Income					41
					42

12 Months Ended December 31

Gross Revenues					43
Gas	4C	2 274 676 74	2 136 358 88	138 317 86	44
Gasoline	5C				45
Non-Operating	7	2 206 31	1 427 88	778 43	46
					47
Total Revenues		2 276 883 05	2 137 786 76	139 096 29	48
Operating Expenses					49
Operation	x x	2 000 553 06	1 855 757 88	144 795 18	50
Maintenance	x x	13 571 79	12 131 67	1 440 12	51
Depreciation, Depletion and Amortization	x x	75 000 00	72 000 00	3 000 00	52
Taxes—Federal Income	x x	40 000 00	33 398 47	6 601 53	53
Taxes—Federal Excess Profits	x x				54
Taxes—Other	x x	32 514 54	30 977 03	1 537 51	55
Total Expenses		2 161 639 39	2 004 265 05	157 374 34	56
Net Operating Revenue		115 243 66	133 521 71	*18 278 05	57
Other Income	9				58
					59

Less: Interest Charged to Construction					*1
Net Income					42
12 Months Ended December 31					43
Gross Revenues					44
Gas	4C	2 274 676 74	2 136 358 88	138 317 86	45
Gasoline	5C				46
Non-Operating	7	2 206 31	1 427 88	778 43	47
					48
Total Revenues		2 276 883 05	2 137 786 76	139 096 29	49
Operating Expenses					50
Operation	x x	2 000 553 06	1 855 757 88	144 795 18	51
Maintenance	x x	13 571 79	12 131 67	1 440 12	52
Depreciation, Depletion and Amortization	x x	75 000 00	72 000 00	3 000 00	53
Taxes—Federal Income	x x	40 000 00	33 398 47	6 601 53	54
Taxes—Federal Excess Profits	x x				55
Taxes—Other	x x	32 514 54	30 977 03	1 537 51	56
Total Expenses	*	2 161 639 39	2 004 265 05	157 374 34	57
Net Operating Revenue		115 243 66	133 521 71	*18 278 05	58
Other Income	9	6 94	—	6 94	59
Gross Corporate Income		115 250 60	133 521 71	*18 271 41	60
Other Deductions	9	—	4 75	*4 75	61
Less: Interest Charged to Construction	9				62
Net Income		115 250 60	133 516 96	*18 266 36	63

(A)

(B)

(C)

*Indicates red figures.

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1 Months Ended December 31, 1941

Acc't No.	Detail on Page	Amount		Increase or Decrease	
		This Year	Last Year		
	Operating Revenue—Gas				1
600	Residential Sales	240 96	181 53	59 43	2
602-1	Commercial Sales				3
602-2	Industrial Sales	4 012 60	2 128 60	1 884 00	4
605-1	Sales to Gas Utilities	234 349 51	236 545 57	+2 196 06	5
608-1	Other Sales—Field				6
					7
	Total	238 603 07	238 855 70	+252 63	8
					9
605-2	Sales to Associated Companies				10
					11
	Total Revenue—Gas	238 603 07	238 855 70	+252 63	12
					13
	Operating Revenue Deductions				14
	Production—Operation				15
	—Maintenance				16
	Gas Purchased—Associated Companies	194 761 15	195 094 17	+333 02	17
	Gas Purchased—Others				18
	Purchased Gas Expense—Operation				19
	—Maintenance				20
	Transmission—Operation	4 218 37	1 862 83	2 355 49	21
	—Maintenance	1 208 86	1 507 11	+298 25	22
	Distribution—Operation				23
	—Maintenance				24
	Customers' Accounting and Collecting	833 23	872 41	+19 18	25
	Sales Promotion	1 096 00	1 115 41	+19 41	26
	Administrative and General—Operation	5 476 64	3 842 57	1 634 07	27
	—Maintenance				28
	Gas Used in Operations, Etc.				29
					30
	Total Operation And Maintenance	207 614 25	204 294 55	3 319 70	31
	Total Operations	206 405 39	202 787 44	3 617 95	32
	Total Maintenance	1 208 86	1 507 11	+298 25	33
503-1	Depreciation	7 500 00	6 770 00	730 00	34
503-2	Amortization and Depletion—Producing Leases				35
512	Amortization Non-Producing Leases				36
504	Amortization—Other				37
507	Taxes—Federal Income	5 200 00	5 700 00	+500 00	38
507	Taxes—Federal Excess Profits				39
507	Taxes—Other	2 314 99	3 102 89	+787 90	40
	Total Operating Revenue Deductions	222 629 24	219 867 44	2 761 80	41
	Net Operating Revenue—Gas	15 973 83	18 988 26	+2 014 43	42
					43
	Statistics				44
MCF—Sales to Public	25	913 649	886 315	27 334	45
Sales—Associated Companies	25				46
					47
Total Sales	25	913 649	886 315	27 334	48
Company Use—Compressor Stations	25				49
Other Company Use	25				50
Exchange Gas Delivered	25				51
					52
Total Deliveries	25	913 649	886 315	27 334	53
					54
MCF—Produced	25				55
Purchased—Associated Companies	25	878 861	853 542	25 319	56
—Others	25				57
Exchange Gas Received	25				58
					59
Total Produced And Purchased	25	878 861	853 542	25 319	60
		882 440	861 622	26 827	61

Net Operating Revenue—Gas		15 973 83	18 988 26	*3 014 43	42
Statistics					43, 44
MCF—Sales to Public	25	913 649	886 315	27 334	45
“ Sales—Associated Companies	25				46 47
“ Total Sales	25	913 649	886 315	27 334	48
“ Company Use—Compressor Stations	25				49
“ Other Company Use	25				50
“ Exchange Gas Delivered	25				51 52
Total Deliveries	25	913 649	886 315	27 334	53
MCF—Produced	25				54 55
“ Purchased—Associated Companies	25	878 861	853 542	25 319	56
“ “—Others	25				57
“ Exchange Gas Received	25				58 59
“ Total Produced And Purchased	25	878 861	853 542	25 319	60
MCF (14.9%) Total Deliveries	25	888 449	861 622	26 827	61
“ “ Total Available for Deliveries	25	878 861	853 542	25 319	62
“ “ Unaccounted For (Losses in Black)	25	*9 588	*8 080	*1 508	63
		(A)	(B)	(C)	

*Indicates red figures.

5607

12 Months Ended December 31, 1941

Acc't No.	Detail on Page	Amount		Increase or Decrease		
		This Year	Last Year			
Operating Revenue—Gas						
600	Residential Sales	x x	7 715 84	1 598 95	116 89	1
602-1	Commercial Sales	x x				2
602-2	Industrial Sales	x x	44 475 40	22 844 20	21 631 20	3
605-1	Sales to Gas Utilities	x x	2 228 485 50	2 111 915 73	116 569 77	4
608-1	Other Sales—Field	x x				5
						6
						7
	Total		2 274 676 74	2 136 358 88	138 317 86	8
						9
605-2	Sales to Associated Companies	x x				10
						11
	Total Revenue—Gas		2 274 676 74	2 136 358 88	138 317 86	12
						13
Operating Revenue Deductions						
	Production—Operation	15				14
	Maintenance	15				15
	Gas Purchased—Associated Companies	15	1 890 862 47	1 764 902 01	126 860 46	16
	Gas Purchased—Others	15				17
	Purchased Gas Expense—Operation	15				18
	—Maintenance	15				19
	Transmission—Operation	17	31 501 04	24 348 01	7 153 03	20
	—Maintenance	17	13 559 19	12 019 05	1 540 14	21
	Distribution—Operation	17				22
	—Maintenance	18				23
	Customers' Accounting and Collecting	18	9 227 99	8 234 65	993 34	24
	Sales Promotion	18	19 203 74	9 112 15	1 091 59	25
	Administrative and General—Operation	19	56 363 41	48 862 94	7 500 47	26
	—Maintenance	19	12 60		12 60	27
	Gas Used in Operations, Etc.	19				28
						29
						30
	Total Operation And Maintenance		2 011 730 44	1 866 578 81	145 151 63	31
	Total Operation	19	1 998 158 65	1 854 559 76	143 598 89	32
	Total Maintenance	19	13 571 79	12 019 05	1 552 74	33
503-1	Depreciation	x x	75 000 00	72 000 00	3 000 00	34
503-2	Amortization and Depletion—Producing Leases	x x				35
512	Amortization Non-Producing Leases	x x				36
504	Amortization—Other	x x				37
507	Taxes—Federal Income	x x	40 000 00	33 398 47	6 601 53	38
507	Taxes—Federal Excess Profits	x x				39
507	Taxes—Other	x x	32 514 54	30 977 03	1 537 51	40
	Total Operating Revenue Deductions		2 159 244 98	2 002 954 31	156 290 67	41
	Net Operating Revenue—Gas		115 431 76	133 404 57	*17 972 81	42
Statistics						
						43
						44
MCF—Sales to Public	25	9 128 718	8 557 633	571 085		45
" Sales—Associated Companies	25					46
						47
" Total Sales	25	9 128 718	8 557 633	571 085		48
" Company Use—Compressor Stations	25					49
" Other Company Use	25					50
" Exchange Gas Delivered	25					51
						52
	Total Deliveries	25	9 128 718	8 557 633	571 085	53
						54
MCF—Produced	25					55
" Purchased—Associated Companies	25	8 879 688	8 377 462	502 226		56
" —Others	25					57
" Exchange Gas Received	25					58
						59
	Total Produced and Purchased	25	8 879 688	8 377 462	502 226	60

Net Operating Revenue—Gas		115 431 76	133 404 57,	*17 972 81	42
Statistics					43
					44
MCF—Sales to Public	25	9 128 718	8 557 633	571 085	45
" Sales—Associated Companies	25				46
					47
" *Total Sales	25	9 128 718	8 557 633	571 085	48
" Company Use—Compressor Stations	25				49
" Other Company Use	25				50
" Exchange Gas Delivered	25				51
					52
Total Deliveries	25	9 128 718	8 557 633	571 085	53
					54
MCF—Produced	25				55
" Purchased—Associated Companies	25	8 879 688	8 377 462	502 226	56
" " —Others	25				57
" Exchange Gas Received	25				58
					59
" Total Produced And Purchased	25	8 879 688	8 377 462	502 226	60
MCF (14.9%) Total Deliveries	25	8 877 554	8 431 492	446 062	61
" " Total Available for Deliveries	25	8 879 688	8 377 462	502 226	62
" " Unaccounted For (Losses in Black)	25	2 134	*54 030	56 164	63

(A)

(B)

(C)

*Indicates red figures

5309

Month of December 1941

Amount

Acc't No.		This Year	Last Year	Increase or Decrease	
	Month Of December				1 2
	Gross Revenue—Non-Operating				3
520-1	Revenue from Jobbing and Contract Work	1 699 99	—	1 699 99	4
522	Revenue from Lease of Other Physical Property	8 00	8 00	—	5
526	Miscellaneous Non-Operating Revenues				6 7 8 9 10
	Total Revenue—Non-Operating	1 707 99	8 00	1 699 99	11
	Operating Expenses				12
520-2	Jobbing and Contract Work —Labor	1 331 63	—	1 331 63	13
520-3	Jobbing and Contract Work —S. & E.	857 92	*3 97	861 89	14
527-1	Operation—Leased Property				15
527-2	Maintenance—Leased Property				16 17 18 19
	Total Expenses	2 189 55	*3 97	2 193 52	20
	Net Revenue—Non-Operating	*481 56	11 97	*493 53	21
	Months Ended				22 23
	Gross Revenue—Non-Operating				24
520	Revenue from Jobbing and Contract Work				25
522	Revenue from Lease of Other Physical Property				26
526	Miscellaneous Non-Operating Revenues				27 28 29 30 31
	Total Revenue—Non-Operating				32
	Operating Expenses				33
520-2	Jobbing and Contract Work —Labor				34
520-3	Jobbing and Contract Work —S. & E.				35
527-1	Operation—Leased Property				36
527-2	Maintenance—Leased Property				37 38 39 40
	Total Expenses				41
	Net Revenue—Non-Operating				42
	12 Months Ended December 31				43 44
	Gross Revenue—Non-Operating				45
520	Revenue from Jobbing and Contract Work	2,110 31	1 331 88	778 43	46
522	Revenue from Lease of Other Physical Property	96 00	96 00	—	47
526	Miscellaneous Non-Operating Revenues				48 49 50 51 52
	Total Revenue—Non-Operating	2 206 31	1 427 88	778 43	53
	Operating Expenses				54
520-2	Jobbing and Contract Work —Labor	1 389 19	636 30	752 89	55
520-3	Jobbing and Contract Work —S. & E.	1 005 22	561 82	443 40	56

Total Expenses					41
Net Revenue—Non-Operating					42
					43
12 Months Ended December 31					44
Gross Revenue—Non-Operating					45
520	Revenue from Jobbing and Contract Work	2 110 31	1 331 88	778 43	46
522	Revenue from Lease of Other Physical Property	96 00	96 00		47
526	Miscellaneous Non-Operating Revenues				48
					49
					50
					51
					52
Total Revenue—Non-Operating		2 206 31	1 427 88	778 43	53
Operating Expenses					54
520-2	Jobbing and Contract Work—Labor	389 19	636 30	752 89	55
520-3	Jobbing and Contract Work—S. & E.	1 005 22	561 82	443 40	56
527-1	Operation—Leased Property				57
527-2	Maintenance—Leased Property		112 62	*112 62	58
					59
					60
					61
Total Expenses		2 394 41	1 310 74	1 083 67	62
Net Revenue—Non-Operating		*188 10	117 14	*305 24	63

*Indicates red figures.

(A)

(B)

(C)

5811

Acc't No.		Detail on Page	This Year	Last Year	Increase or Decrease
	Other Income				1
	Month Of				2
					3
					4
523	Dividend Revenues—Associated Companies	14			5
524-1	Interest on Securities Owned	14			6
524-21	Interest Revenues—Associated Companies	14			7
524-22	Interest Revenues—Other	14			8
					9
					10
					11
	Total Other Income	14			12
					13
	Months Ended				14
523	Dividend Revenues—Associated Companies	14			15
524-1	Interest on Securities Owned	14			16
524-21	Interest Revenues—Associated Companies	14			17
524-22	Interest Revenues—Other	14			18
					19
					20
					21
	Total Other Income	14			22
					23
	12 Months Ended December 31				24
523	Dividend Revenues—Associated Companies	14			25
524-1	Interest on Securities Owned	14			26
524-21	Interest Revenues—Associated Companies	14			27
524-22	Interest Revenues—Other	14	6 94		6 94 28
					29
					30
					31
	Total Other Income	14	6 94		6 94 32
					33
	Other Deductions				34
					35
	Month Of				36
					37
					38
530	Interest on Long-Term Debt	14			39
531	Amortization of Debt Discount and Expense	14			40
533	Taxes Assumed on Interest	14			41
534	Interest on Debt to Associated Companies	14			42
535	Other Interest Charges	14			43
	Total Other Deductions				44
536	Interest Charged to Construction				45
					46
	Months Ended				47
530	Interest on Long-Term Debt	14			48
531	Amortization of Debt Discount and Expense	14			49
533	Taxes Assumed on Interest	14			50
534	Interest on Debt to Associated Companies	14			51
535	Other Interest Charges	14			52
	Total Other Deductions	14			53
536	Interest Charged to Construction				54
					55
	12 Months Ended December 31				56
530	Interest on Long-Term Debt	14			57

Illinois Natural Gas Company

Surplus 10
12 Months Ended December 31, 1941Surplus—January 1, 1941
Earned—Since December 31, 1935x x x x x x x x 105 682 73 1
105 682 73 2

Additions:

Net Income 12 Months Ended Dec. 31 1941 As shown By Earnings Summary

x x x x x x x x 115 250 60 7

Other Credits

Total

x x x x x x x x 220 933 33 28

Deductions:

Dividends

Other Charges

Total Deductions

Surplus December 31, 1941

x x x x x x x x
x x x x x x x x 220 933 33 62
63

(A)

(B)

5615

[fol. 15831]

Description

Current And Accrued Assets

Working Funds

Petty Cash Funds

Total Page 1, Line 29

323 03

Current And Accrued Liabilities

Accounts Payable

Vouchers Payable

Federal Old Age Benefits

Deduction from Employees

Other (Withheld from Contractors)

7 537 20

79 54

2 154 98

Total Page 2, Line 22

9 791 72

Accounts Payable to Associated Company

Panhandle Eastern Pipe Line Company

Total Page 2, Line 23

220 573 95

Detail Of
Balance Sheet Accounts

Illinois Natural Gas Company

Month of December 1941 11

[fol. 15832] Acc't No.	Title of Account and Description	Total Amount Basis	Months to Run	Balance Beginning of Month	Changes During Month		Balance End of Month	
					Debits	Credits		
	Current And Accrued Assets							1
125-2	Other Accounts Receivable							2
	Total Page 1, Line 33			1 514 28	2 029 00	112 59	3 430 69	3
								4
131-1	Materials and Supplies — Gas			1 421 88	277 83	307 32	1 392 39	5
	Total Page 1, Line 36							6
								7
	Deferred Debits							8
144	Retirement Work in Progress			1 026 69	42 18	1 068 87	—	9
	Total Page 1, Line 51							10
								11
145	Other Work in Progress			1 556 25	1 115 31	2 671 56	—	12
	Total Page 1, Line 52							13
								14
	Current And Accrued Liabilities							15
228	Taxes Accrued							16
	Ad valorem — Illinois 1941			15 400 00	—	1 400 00	16 800 00	17
	Retailers Occupation (Sales)	Contingent on Sales		—	260 97	260 97	—	18
	Capital Stock — Illinois 1941			6 160 00	—	560 00	6 720 00	19
	Federal Capital Stock — 1942	2 520 00	6	1 050 00	—	210 00	1 260 00	20
	Federal Excise — Old Age Benefits	Contingent on pay roll		50 71	—	36 87	87 58	21
	Federal Excise — Unemployment							22
	Insurance	Contingent on pay roll		62 79	—	11 06	73 85	23
	Unemployment Compensation —							24
	Illinois	Contingent on pay roll		136 94	—	99 54	236 48	25
	Federal Income — 1940			8 609 95	8 463 35	—	146 60	26
	Federal Income — 1941			34 800 00	—	5 200 00	40 000 00	27
								28
	Total Page 2, Line 29			66 270 39	8 724 32	7 778 44	65 324 51	29
								30
	Reserves							31
250-6	Depreciation, Depletion and Amortization							32
	Gas Plant in Process of Reclassification							33
	Property, Plant and Equipment							34
	Total Page 2, Line 46			496 242 23	766 58	7 500 00	502 975 65	35
								36
254	Uncollectible Accounts							37
	Accounts Receivable — Customer							38
	Total Page 2, Line 47			12 300 00	—	300 00	12 600 00	39
								40
256	Injuries and Damages			10 500 00	—	300 00	10 800 00	41
	Total Page 2, Line 48							42
								43
	Contribution In Aid Of Construction							44
265	Contribution in Aid of Construction			6 261 51	—	—	6 261 51	45
	Total Page 2, Line 54							46
								47

(A)

(B)

(C)

(D)

(E)

(F)

[fol. 15833]

[fol. 15833] Acc't No.	Description	Current Month		Months To Date		Twelve Months To Date		
		This Year	Last Year	This Year	Last Year	This Year	Last Year	
	Taxes — Other							1
	Ad Valorem	1 400 00	1 250 00			17 643 31	15 395 72	2
	Gross Production, Sales, etc.	260 97	89 84			1 455 04	756 43	3
	Franchise					1 317 70	1 317 70	4
	Unemployment Compensation — States	*39 29	91 68			1 572 38	1 868 21	5
	Capital Stock — State	560 00	1 475 00			7 962 39	8 662 96	6
	Federal Capital Stock	210 00	210 00			2 500 00	2 769 80	7
	Federal Excise — Old Age Benefit	*58 99	*10 49			49 03	158 60	8
	Federal Excise — Unemployment Insurance	*17 70	*3 14			14 89	47 61	9
								10
	Total Page 3, Lines 14 and 56	2 314 99	3 102 89			6 32 514 54	30 977 03	11
								12
								13
								14
								15
								16
	Gas Purchased — Associated Companies							17
	Panhandle Eastern Pipe Line Co.							18
	Total Pages 4A and 4C							19
	Line 17	194 761 15	195 094 17			1 890 862 47	1 764 002 01	20
								21
								22
								23
								24
								25
	Other Income							26
524-22	Interest Revenues — Other							27
	County Clerk of Sangamon County							28
	Illinois							29
	Total Page 9, Line 28					6 94		30
								31
								32
								33
	Other Deductions							34
535	Other Interest Charges							35
	Federal Treasury Department							36
	on Income Tax Adjustments							37
	Total Page 9, Line 61						4 75	38
								39
								40
								41
								42
								43
								44
								45
								46
								47

Detail Of
Taxes — Other, Gas Purchased, Other Income
and Other Deductions

(A) (B) (C) (D) (E) (F)

Illinois Natural Gas Company

Month of December 1941

13

*Indicates red figures.

5002

Month of December 1941

12 Months To Date			Current Month		
This Year	Last Year	Acc't. No.	Production	This Year	Last Year
			Operation		
		733-1	Supervision & Engineering	—Labor	1
		733-2	"	—S. & E.	2
		734-1	Gas Well	—Labor	3
		735-1	"	—S. & E.	4
		734-2	Field Lines	—Labor	5
		735-2	"	—S. & E.	6
		734-31	Field Compressor Station	—Labor	7
		735-31	"	—S. & E.	8
		734-32	Field Measuring Station	—Labor	9
		735-32	"	—S. & E.	10
		734-41	Other Production	—Labor	11
		735-41	"	—S. & E.	12
		734-42	Land Department	—Labor	13
		735-42	"	—S. & E.	14
		745	Gas Well Royalties		15
		746	Natural Gas Rents		16
		510	Delay Rentals		17
			Total Operation		19
			Maintenance		20
		739-1	Supervision & Engineering	—Labor	21
		739-2	"	—S. & E.	22
		740-211	Field Compressor Station Struct.	—Labor	23
		740-212	"	—S. & E.	24
		740-221	Field Measuring Station Struct.	—Labor	25
		740-222	"	—S. & E.	26
		740-31	Other Prod. System Struct.	—Labor	27
		740-32	"	—S. & E.	28
		741-1	Producing Gas Well Equip.	—Labor	29
		741-2	"	—S. & E.	30
		742-11	Field Lines	—Labor	31
		742-12	"	—S. & E.	32
		742-211	Field Compressor Station Equip.	—Labor	33
		742-212	"	—S. & E.	34
		742-221	Field Measuring Station Equip.	—Labor	35
		742-222	"	—S. & E.	36
		743-1	Drilling & Cleaning Equip.	—Labor	37
		743-2	"	—S. & E.	38
		744-1	Other Natural Gas Property	—Labor	39
		744-2	"	—S. & E.	40
			Total Maintenance		41
			Total Production Expenses—Gas		42
			Total MCF Produced		43
			Average Cost Per MCF		44
			Gas Purchased		45
			Operation		46
1 890 862 47	1 764 002 01	754-11	Gas Purchased—Associated Companies	194 761 15	195 094 17
		754-12	" —Others		
		755-1	Purchased Gas Exp.—Measurement	—Labor	47
		755-2	"	—S. & E.	48
		755-3	Purchased Gas Exp.—Other	—Labor	49
		755-4	"	—S. & E.	50
1 890 862 47	1 764 002 01		Total Operation	194 761 15	195 094 17
			Maintenance		51
		755-5	Purchase Measuring Station	—Labor	52
		755-6	"	—S. & E.	53
			Total Maintenance		54
1 890 862 47	1 764 002 01		Total Gas Purchased	194 761 15	195 094 17
8 879 688	8 377 462		Total MCF Purchased	878 861	853 542

			Total Maintenance			42
			Total Production Expenses—Gas			43
			Total MCF Produced			44
			Average Cost Per MCF			45
			Gas Purchased			46
			Operation			47
1 890 862 47	1 764 002 01	754-11	Gas Purchased—Associated Companies	194 761 15	195 094 17	49
		754-12	“ “ “ Others			50
		755-1	Purchased Gas Exp.—Measurement			51
		755-2	“ “ “ “ Labor			52
		755-3	Purchased Gas Exp.—Other			53
		755-4	“ “ “ “ Labor			54
			“ “ “ “ S. & E.			55
1 890 862 47	1 764 002 01		Total Operation	194 761 15	195 094 17	56
			Maintenance			
		755-5	Purchase Measuring Station			57
		755-6	“ “ “ Labor			58
			“ “ “ S. & E.			59
			Total Maintenance			60
1 890 862 47	1 764 002 01		Total Gas Purchased	194 761 15	195 094 17	61
8 879 688	8 377 462		Total MCF Purchased	878 861	853 542	62
21 29c	21 06c		Average Cost Per MCF	22 16c	22 86c	63
(A)	(B)			(C)	(D)	

12 Months To Date		Acct No.	Transmission	Operation	Current Month		
This Year	Last Year				This Year	Last Year	
8 298 40	6 961 84	758-1	Supervision & Engineering	Labor	1 110 07	596 27	1
1 508 85	731 99	758-2	"	S. & E.	171 69	73 56	2
		759-111	Pumping Station	Labor			3
		759-1211	"	S. & E.			4
		759-1212	"	Power			5
5 299 32	4 354 46	759-1121	Measuring Station	Labor	850 15	338 07	6
2 945 37	2 315 04	759-1221	"	S. & E.	276 12	155 13	7
2 226 74	2 510 40	759-1122	Regulator Station	Labor	195 42	166 49	8
804 90	685 49	759-1222	"	S. & E.	69 08	100 37	9
5 878 16	4 845 71	759-211	Transmission Mains	Labor	1 114 11	313 85	10
2 835 33	1 143 61	759-221	"	S. & E.	253 02	119 14	11
127 21		759-212	Other Transmission System	Labor	26 63		12
658 59	41 80	759-222	"	S. & E.	127 08		13
918 17	757 67	763	Rents		25 00		14
							15
							16
							17
31 501 04	24 348 01		Total Operation		4 218 37	1 862 88	18
			Maintenance				19
3 325 81	2 983 61	760-1	Supervision & Engineering	Labor	281 94	257 54	20
586 31	321 32	760-2	"	S. & E.	65 66	22 98	21
		761-11	Pumping Station Structures	Labor			22
		761-12	"	S. & E.			23
306 11	221 70	761-211	Measuring Station	Labor	24 26		24
292 86	173 77	761-221	"	S. & E.	39 67	1 70	25
223 60	97 24	761-212	Regulator Station	Labor	25 99		26
153 48	94 58	761-222	"	S. & E.	28 59		27
15 87	429 65	761-31	Other Transmission System Struct.	Labor	4 91	83 83	28
22 89	243 74	761-32	"	S. & E.		156 86	29
1 640 42	1 301 48	762-11	Transmission Mains	Labor	85 02	501 17	30
1 063 50	713 73	762-12	"	S. & E.	100 64	58 77	31
		762-211	Pumping Station Equipment	Labor			32
		762-212	"	S. & E.			33
2 934 36	2 778 42	762-2211	Measuring Station Equipment	Labor	231 46	199 79	34
1 584 11	1 386 21	762-2221	"	S. & E.	252 41	118 58	35
1 031 81	493 53	762-2212	Regulator Station Equipment	Labor	71 95	49 08	36
328 61	513 09	762-2222	"	S. & E.	48 54	49 50	37
	165 98	762-231	Other Trans. System Equipment	Labor			38
55 45	101 00	762-232	"	S. & E.	5 00	7 40	39
							40
13 559 19	12 019 05		Total Maintenance		1 208 86	1 507 11	41
45 060 23	36 367 06		Total Transmission Expenses		5 427 23	3 369 99	42
			Distribution				43
			Operation				44
		765-1	Supervision & Engineering	Labor			45
		765-2	"	S. & E.			46
		766-2	Other Distribution Office	S. & E.			47
		767-1	Distribution Lines	Labor			48
		767-2	"	S. & E.			49
		768-11	Removing & Resetting Meters	Labor			50
		768-12	"	S. & E.			51
		768-21	Miscellaneous Meter Expense	Labor			52
		768-22	"	S. & E.			53
		769-1	Services On Customers Premises	Labor			54
		769-2	"	S. & E.			55
		776	Rents				56
							57
							58
							59
							60
							61
							62
			Total Operation				63

13 559 19	12 019 05	Total Maintenance	• 1 208 86	1 507 11	41
45 060 23	36 367 06	Total Transmission Expenses	5 427 23	3 369 99	42
					43
		Distribution			44
		Operation			45
765-1	Supervision & Engineering	Labor			46
765-2	"	S. & E.			47
766-2	Other Distribution Office	S. & E.			48
767-1	Distribution Lines	Labor			49
767-2	"	S. & E.			50
768-11	Removing & Resetting Meters	Labor			51
768-12	"	S. & E.			52
768-21	Miscellaneous Meter Expense	Labor			53
768-22	"	S. & E.			54
769-1	Services On Customers Premises	Labor			55
769-2	"	S. & E.			56
776	Rents				57
					58
					59
					60
					61
					62
		Total Operation			63

(A) (B)
 *Indicates red figures.

(C) (D)

5000

Month of December 1941

12 Months To Date		Acc't No.	Distribution	Current Month		
This Year	Last Year			This Year	Last Year	
Maintenance						
		771-1	Supervision & Engineering	—Labor		1
		771-2	"	—S. & E.		2
		772-1	Structures & Improvements	—Labor		3
		772-2	"	—S. & E.		4
		773-11	Mains	—Labor		5
		773-12	"	—S. & E.		6
		773-31	Services	—Labor		7
		773-32	"	—S. & E.		8
		773-41	Meters	—Labor		9
		773-42	"	—S. & E.		10
		773-51	House Regulators	—Labor		11
		773-52	"	—S. & E.		12
		775-1	Other Distribution Equipment	—Labor		13
		775-2	"	—S. & E.		14
Total Maintenance						
Total Distribution Expenses						
Customers' Accounting & Collecting						
		779-1	Supervision	—Salaries		25
		779-2	"	—S. & E.		26
		780-11	Customers' Contracts & Orders	—Labor		27
		780-12	"	—S. & E.		28
2 371 36	2 209 44	780-31	Meter Reading	—Labor	184 82	29
437 11	412 62	780-32	"	—S. & E.	37 96	30
		780-41	Collecting	—Labor		31
302 88	16 30	780-42	"	—S. & E.		32
2 516 64	1 996 29	781-1	Customers' Billing & Acct'ng	—Labor	330 45	33
		781-2	"	—S. & E.		34
		782	Miscellaneous Expenses			35
3 600 00	3 600 00	783	Uncollectible Accounts		300 00	36
		784	Rents			37
Total Customers' Accounting & Collecting						
Sales Promotion						
2 803 16	2 703 13	785-1	Supervision	—Salaries	329 15	38
1 644 12	1 640 67	785-2	"	—S. & E.	121 70	39
4 100 52	3 160 97	786-1	Industrial Engineers	—Salaries	525 00	40
1 610 36	1 229 46	786-2	"	—S. & E.	120 15	41
		787-2	Advertising			42
45 58	377 92	787-3	Miscellaneous Sales Expenses			43
Total Sales Promotion						

Month of December 1941.

12 Months To Date		Acc't No.	Distribution	Current Month			
This Year	Last Year			This Year	Last Year		
Maintenance						1	
		771-1	Supervision & Engineering	-Labor		2	
		771-2	"	-S. & E.		3	
		772-1	Structures & Improvements	-Labor		4	
		772-2	"	-S. & E.		5	
		773-11	Mains	-Labor		6	
		773-12	"	-S. & E.		7	
		773-31	Services	-Labor		8	
		773-32	"	-S. & E.		9	
		773-41	Meters	-Labor		10	
		773-42	"	-S. & E.		11	
		773-51	House Regulators	-Labor		12	
		773-52	"	-S. & E.		13	
		775-1	Other Distribution Equipment	-Labor		14	
		775-2	"	-S. & E.		15	
						16	
						17	
						18	
						19	
						20	
						21	
						22	
Total Maintenance						23	
Total Distribution Expenses						24	
Customers' Accounting & Collecting						25	
		779-1	Supervision	-Salaries		26	
		779-2	"	-S. & E.		27	
		780-11	Customers' Contracts & Orders	-Labor		28	
		780-12	"	-S. & E.		29	
2 371 36	2 209 44	780-31	Meter Reading	-Labor	184 82	30	
437 11	412 62	780-32	"	-S. & E.	37 96	31	
		780-41	Collecting	-Labor		32	
302 88	16 30	780-42	"	-S. & E.		33	
2 516 64	1 996 29	781-1	Customers' Billing & Acct'ng	-Labor	330 45	34	
		781-2	"	-S. & E.		35	
		782	Miscellaneous Expenses			36	
3 600 00	3 600 00	783	Uncollectible Accounts		300 00	37	
		784	Rents			38	
						39	
						40	
						41	
						42	
						43	
						44	
						45	
						46	
9 227 99	8 234 65	Total Customers' Accounting & Collecting			853 23	872 41	47
Sales Promotion						48	
						49	
2 803 16	2 703 13	785-1	Supervision	-Salaries	329 15	229 15	50
1 644 12	1 640 67	785-2	"	-S. & E.	121 70	101 75	51
4 100 52	3 160 97	786-1	Industrial Engineers	-Salaries	525 00	319 56	52
1 610 36	1 229 46	786-2	"	-S. & E.	120 15	180 00	53
		787-2	Advertising				54
45 58	377 92	787-3	Miscellaneous Sales Expenses			284 95	55
							56
							57
							58
							59
							60

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9 227 99	8 234 65	Total Customers' Accounting & Collecting		853 23	872 41	46
						47
Sales Promotion						48
2 803 16	2 703 13	785-1	Supervision			49
1 644 12	1 640 67	785-2	"	—Salaries	329 15	50
4 100 52	3 160 97	786-1	Industrial Engineers	—S. & E.	121 70	51
1 610 36	1 229 46	786-2	"	—Salaries	525 00	52
		787-2	Advertising	—S. & E.	120 15	53
45 53	377 92	787-3	Miscellaneous Sales Expenses			54
					284 95	55
						56
						57
						58
						59
						60
						61
						62
10 203 74	9 112 15	Total Sales Promotion Expenses		1 096 00	1 115 41	63
(A)	(B)			(C)	(D)	

5327

Month of December 1941

12 Months To Date		Acc't No.	Administrative & General	Current Month		
This Year	Last Year			This Year	Last Year	
			Operation			1
15 637 50	14 400 00	790	General Officers — Salaries	1 912 50	1 200 00	2
2 850 00	2 462 50	791-1	General Law — Salaries	325 00	225 00	3
1 860 00	1 843 44	791-2	Rate, Survey and Valuation — Salaries	225 00	135 00	4
13 662 50	13 720 45	791-3	Other General Office Employees — Salaries	1 237 50	1 140 00	5
	221 73	792-1	General Officers — Expense			6
1 213 52	65 85	792-21	General Law — Expense	506 01	28 90	7
	251 53	792-22	Rate, Survey and Valuation — Expense			8
109 10	54 15	792-23	Other Gen. Office Employees — Expense			9
963 77	988 96	793-1	General Office Stationery and Printing	83 75	75 09	10
2 298 27	1 822 32	793-2	General Office Supplies and Expenses	276 97	206 08	11
645 50	495 75	795	Special Services	10 00	16 50	12
2 118 92	973 18	796	Special Legal Services			13
		797	Regulatory Commission Expenses			14
360 00	360 00	798	Insurance—General	30 00	30 00	15
253 85	1 016 28	799-1	Insurance—Claims for Injuries and Damages	*189 69	*93 51	16
3 600 00	3 600 00	799-2	Injuries and Damages	300 00	300 00	17
48 05		800-11	Accident Prevention	10 00		18
180 00	120 00	800-12	Insurance—Group Life	15 00	10 00	19
		800-13	Employees' Welfare Expenses—Other			20
6 895 63	2 685 00	800-2	Pensions	400 00	224 00	21
305 80	418 80	801-1	Dues, Donations and Subscriptions	54 60	65 60	22
1 00		801-2	Other Miscellaneous General Expenses			23
3 360 00	3 360 00	803	Rents	280 00	280 00	24
		805	Franchise Requirements			25
						26
						27
						28
						29
						30
						31
						32
						33
						34
56 363 41	48 862 94		Total Operation	5 476 64	3 842 57	35
			Maintenance			36
		802-21	General Office Equipment — Labor			37
12 60		802-22	" " " " — S. & E.			38
						39
						40
						41
						42
						43
12 60			Total Maintenance			44
56 376 01	48 862 94		Total Administrative & Gen'l Exp.	5 476 64	3 842 57	45
			Operating Deductions			46
						47
		607	Interdepartmental Gas Sales			48
		749-1	Gas Used in Company Buildings			49
		749-2	Gas Used For Power			50
		749-3	Gas Used in Other Operations			51
		749-4	Gas Used in Construction			52
		764-2	Joint Transmission Expense Transferred			53
		806	Duplicate Miscellaneous Charges			54
		807	Administrative & General Expense Transferred			55
		809	Joint Admstr. & Gen. Exp. Transferred			56
						57
						58
						59
			Total Operating Deductions			60
						61
1 998 458 65	1 854 559 76		Total Operation	206 405 39	202 787 44	62
13 571 79	12 019 05		Total Maintenance	1 208 86	1 507 11	63

(A) (B)

(C) (D)

*In Illinois Gas Co.

					41
					42
12'60		Total Maintenance			43
					44
56 376 01	48 862 94	Total Administrative & Gen'l Exp.	5 476 64	3 842 57	45
		Operating Deductions			46
					47
	607	Interdepartmental Gas Sales			48
	749-1	Gas Used in Company Buildings			49
	749-2	Gas Used For Power			50
	749-3	Gas Used in Other Operations			51
	749-4	Gas Used in Construction			52
	764-2	Joint Transmission Expense Transferred			53
	806	Duplicate Miscellaneous Charges			54
	807	Administrative & General Expense Transferred			55
	809	Joint Admstr. & Gen. Exp. Transferred			56
					57
					58
					59
		Total Operating Deductions			60
					61
1 998 158 65	1 854 539 76	Total Operation	206 405 39	202 787 44	62
13 571 79	12 019 05	Total Maintenance	1 208 86	1 507 11	63
(A)	(B)		(C)	(D)	

*Indicates red figures

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[fol. 15838]

(Part of Exhibit 208.)

Financial Statement

of

Panhandle Eastern Pipe Line Company

For Period ended December 31, 1941

(Signed) T. F. PAXTON,
Assistant Secretary.

Balance Sheet as of December 31, 1941

				Increase	
Acc't No.		Detail on Page		Over Previous Month	Since January First
1	Gas Plant				
2 100-1	Gas Plant in Service	11A	7 196 797 99	533 546 17	1 622 955 04
3 100-3	Construction Work in Progress	11A	2 668 429 03	1 040 906 57	1 994 523 95
4 100-4	Gas Plant Held for Future Use	11			
5 100-6	Gas Plant in Process of Reclassification	11A	56 676 685 52*	+44 722 72	+729 684 98
6					
7					
8					
9					
10	Total Gas Plant	11A	66 541 912 54	1 529 730 02	2 887 794 01
11					
12					
13	Investment And Fund Accounts				
14 11C	Other Physical Property	11			
15 111-1	Investment in Securities of Associated Companies	11A	2 635 391 43		+59 000 43
16 111-2	Advances to Associated Companies	11			+275 000 00
17 112	Other Investments	11A	204 498 52	+1 684 27	+31 099 58
18					
19					
20					
21					
22	Total Investment And Fund Accounts		2 839 889 95	+1 684 27	+365 100 01
23					
24					
25					
26	Current And Accrued Assets				
27 120	Cash	x x	3 652 290 28	+1 078 115 90	369 389 64
28 121	Special Deposits	11B	102 580 14	+3 240 58	93 552 14
29 122	Working Funds	11B	11 249 05	+619 58	2 499 27
30 123	Temporary Cash Investments	11C	2 750 000 00		2 750 000 00
31 124	Notes Receivable	11			
32 125-1	Accounts Receivable—Customers	x x	1 316 400 31	94 578 57	199 273 69
33 125-2	Other Accounts Receivable	12A	73 800 50	+5 946 16	26 806 25
34 126-2	Accounts Receivable from Associated Companies	11C	220 573 95	33 733 61	+15 328 44
35 128	Interest and Dividends Receivable	x x	8 388 47	1 344 10	4 777 68
36 131-1	Materials and Supplies—Gas	12A	362 548 66	31 371 53	461 045 16
37 131-2	Materials and Supplies—Gasoline	x x	9 848 40	+878 52	4 426 92
38 131-3	Materials and Supplies—Gasoline on Hand	x x	1 049 64	337 02	+35 34
39 132	Prepayments	12A	94 732 18	+22 291 56	29 813 59
40					
41					
42					
43					
44					
45	Total Current And Accrued Assets		8 603 461 58	+949 727 27	3 623 220 47
46					
47					
48	Deferred Debits				
49 140	Unamortized Debt Discount and Expense	12A		+1 800 164 03	+2 229 322 74
50 143	Clearing Accounts	12B	6 760 57	2 107 99	6 760 57
51 144	Retirement Work in Progress	12B		+300 976 86	
52 145	Other Work in Progress	12B	176 619 80	61 729 85	173 648 89
53 146	Other Deferred Debits	12B	4 068 91	48 02	3 234 83
54					
55					
56					
57					
58					
59	Total Deferred Debits		187 449 28	+2 637 255 03	+2 045 683 45

Acc't No.		Detail on Page		Over Previous Month	Since January First
1	Gas Plant				
2 100-1	Gas Plant in Service	11A	7 196 797 99	533 546 17	1 622 955 04
3 100-3	Construction Work in Progress	11A	2 668 429 03	1 040 906 57	1 994 523 95
4 100-4	Gas Plant Held for Future Use	11			
5 100-6	Gas Plant in Process of Reclassification	11A	56 676 685 52*	*44 722 72	*729 684 98
6					
7					
8					
9					
10	Total Gas Plant	11A	66 541 912 54	1 529 730 02	2 887 794 01
11					
12					
13	Investment And Fund Accounts				
14 110	Other Physical Property	11			
15 111-1	Investment in Securities of Associated Companies	11A	2 635 391 43		*59 000 43
16 111-2	Advances to Associated Companies	11			*275 000 00
17 112	Other Investments	11A	204 498 52	*1 684 27	*31 099 58
18					
19					
20					
21					
22	Total Investment And Fund Accounts		2 839 889 95	*1 684 27	*365 100 01
23					
24					
25					
26	Current And Accrued Assets				
27 120	Cash	x x	3 652 290 28	*1 078 115 90	369 389 64
28 121	Special Deposits	11B	102 580 14	*3 240 88	93 552 14
29 122	Working Funds	11B	11 249 05	*619 08	2 499 27
30 123	Temporary Cash Investments	11C	2 750 000 00		2 750 000 00
31 124	Notes Receivable	11			
32 125-1	Accounts Receivable—Customers	x x	1 316 400 31	94 578 57	196 273 69
33 125-2	Other Accounts Receivable	12A	73 800 50	*5 946 16	26 806 25
34 126-2	Accounts Receivable from Associated Companies	11C	220 573 95	33 733 61	*15 328 44
35 128	Interest and Dividends Receivable	x x	8 388 47	1 344 10	4 777 68
36 131-1	Materials and Supplies—Gas	12A	362 548 66	31 371 53	161 045 16
37 131-2	Materials and Supplies—Gasoline	x x	9 848 40	*878 52	4 426 92
38 131-3	Materials and Supplies—Gasoline on Hand	x x	1 049 64	337 02	*35 34
39 132	Prepayments	12A	94 732 18	*22 291 56	29 813 50
40					
41					
42					
43					
44					
45	Total Current And Accrued Assets		8 603 461 58	*949 727 27	3 623 220 47
46					
47					
48	Deferred Debits				
49 140	Unamortized Debt Discount and Expense	12A		*1 800 164 03	*2 229 322 74
50 143	Clearing Accounts	12B	6 760 57	2 107 99	6 760 57
51 144	Retirement Work in Progress	12B		*300 976 86	
52 145	Other Work in Progress	12B	176 619 80	61 729 85	173 643 89
53 146	Other Deferred Debits	12B	4 068 91	48 02	3 234 83
54					
55					
56					
57					
58					
59	Total Deferred Debits		187 449 28	*2 037 255 03	*2 045 683 45
60					
61					
62					
63	Total Assets		78 172 713 35	*1 458 936 55	4 100 231 02

*Balance after Reserve for Amortization of Gas Sales and Purchase Contracts \$1,758,171.60

*Indicates red figures.

Acct No.		Detail on Page		Over Previous Month	Since January First	
	Capital Stocks					1
200	Common	No Par	x x	20 184 175 00		2
	810,000 Shs. Auth.	807,367 Shs. Outstdg.	x x			3
201	Preferred	\$100 Par	x x			4
	Class A 100,000 Shs. Auth. & Outstdg.		x x	10 000 000 00		5
	Class B 10,000 " " " "		x x	1 000 000 00		6
						7
						8
						9
	Total Capital Stocks			31 184 175 00		10
						11
	Long-Term Debt					12
210	Bonds	11C	18 250 000 00		+1 250 000 00	13
212-1	Advances on Notes	11				14
212-2	Advances on Open Accounts	11				15
213	Miscellaneous Long-Term Debt	11C	5 009 789 19	+1 746 91	4 979 640 19	16
						17
	Total Long-Term Debt		23 259 789 19	+1 746 91	729 640 19	18
						19
	Current And Accrued Liabilities					20
220	Notes Payable	11				21
222	Accounts Payable	11D	1 073 546 46	68 984 61	714 148 16	22
223-2	Accounts Payable to Associated Companies	11				23
224-1	Dividends Declared — Preferred	x x	165 000 00	165 000 00		24
224-2	Dividends Declared — Common	x x				25
225	Matured Long-Term Debt	11D	96 822 14	+2 040 88	96 822 14	26
226	Matured Interest	12B	4 230 00	+1 200 00	1 810 00	27
227	Customers' Deposits	x x				28
228	Taxes Accrued	12C	3 153 178 91	+454 037 47	880 664 14	29
229-1	Interest Accrued — Long Term Debt	12D	90 104 18	45 052 09	+200 895 82	30
229-2	Interest Accrued — Other	12				31
230	Other Current and Accrued Liabilities	12D	3 433 42	1 406 45	487 18	32
224-3	Dividends Declared — Participating (Class A Preferred and Common Stocks)		740 086 42	538 244 67	740 086 42	33
						34
	Total Current & Accrued Liabilities		5 326 401 23	361 409 47	2 224 122 22	35
						36
	Deferred Credits					37
241	Customers' Advances for Construction	x x				38
242	Other Deferred Credits	12D	43 414 51	+222 12	+937 23	39
						40
						41
	Total Deferred Credits		43 414 51	+222 12	+937 23	42
						43
	Reserves					44
250-6	Depreciation, Depletion and Amortization					45
	In Process of Reclassification	12F	10 405 047 60	35 057 60	1 752 186 97	46
254	Uncollectible Accounts	12F	37 619 88	600 00	7 200 00	47
256	Injuries and Damages	12F	90 123 74	1 000 00	11 974 00	48
258	Other Reserves	12F	624 800 94			49
						50
						51
	Total Reserves		11 157 592 16	36 657 60	1 771 360 97	52
						53
265	Contributions in Aid of Construction	12F	35 801 06		1 465 66	54

Total Capital Stocks			31 184 175 00			
Long-Term Debt						
210	Bonds	11C	18 250 000 00		*4 250 000 00	
212-1	Advances on Notes	11				
212-2	Advances on Open Accounts	11				
213	Miscellaneous Long-Term Debt	11C	5 009 789 19	*1 746 91	4 979 640 19	
Total Long-Term Debt			23 259 789 19	*1 746 91	729 640 19	
Current And Accrued Liabilities						
220	Notes Payable	11				
222	Accounts Payable	11D	1 073 546 16	68 984 61	714 148 16	
223-2	Accounts Payable to Associated Companies	11				
224-1	Dividends Declared — Preferred	x x	165 000 00	165 000 00		
224-2	Dividends Declared — Common	x x				
225	Matured Long-Term Debt	11D	96 822 14	*2 040 88	96 822 14	
226	Matured Interest	12B	4 230 00	*1 200 00	1 810 00	
227	Customers' Deposits	x x				
228	Taxes Accrued	12C	3 153 178 91	*154 037 47	880 664 14	
229-1	Interest Accrued — Long Term Debt	12D	90 104 18	45 052 09	*209 895 82	
229-2	Interest Accrued — Other	12				
230	Other Current and Accrued Liabilities	12D	3 433 42	1 406 45	487 18	
224-3	Dividends Declared — Participating (Class A Preferred and Common Stocks)		740 086 42	538 244 67	740 086 42	
Total Current & Accrued Liabilities			5 326 401 23	361 409 47	2 224 142 22	
Deferred Credits						
241	Customers' Advances for Construction	x x				
242	Other Deferred Credits	12D	43 414 51	*222 12	*937 23	
Total Deferred Credits			43 414 51	*222 12	*937 23	
Reserves						
250-6	Depreciation, Depletion and Amortization In Process of Reclassification	12E	10 405 047 60	35 657 60	1 752 186 97	
254	Uncollectible Accounts	12F	37 619 88	600 00	7 200 00	
256	Injuries and Damages	12F	90 123 74	1 000 00	11 974 00	
258	Other Reserves	12F	624 800 94			
Total Reserves			11 157 592 16	36 657 60	1 771 360 97	
265	Contributions in Aid of Construction	12F	35 801 06		1 465 66	
Surplus						
271	Earned Surplus — Prior to December 31, 1935 Since December 31, 1935		7 165 540 20	*1 855 034 59	*625 420 79	
Total Surplus		10	7 165 540 20*	*1 855 034 59	*625 420 79	
Total Liabilities			76 172 713 35	*1 458 936 55	4 100 231 02	

(D) (E) (F)

*For restriction as to payment of dividends and segregation of surplus, see Page 2A.

*Indicates red figures.

Surplus:

Restricted as to payment of common stock and participating dividends as provided in (2) on Page 4 of the Certificate of Amendment of Certificate of Incorporation filed June 5 1936

3 581 379 41(1)

Unrestricted

3 584 160 79

Total Page 2, Line 62

7 165 540 20

- (1) Section 10 of Article IV of the Mortgage and Deed of Trust dated November 1, 1940 provides for restrictions as to the payment of dividends determined as follows:

Earned Surplus at January 1, 1940

6 825 063 08

Less:

The sum specified in Section 10 of Article IV

1 500 000 00

The charge to earned surplus of the balance, as of February 3, 1941, of the unamortized debt, discount and expense applicable to the funded debt of the Company existing prior to January 1, 1940 and the unamortized premium paid in connection with the redemption of such funded debt

1 797 994 55

Amount of dividend on common stock declared during year 1940 in respect to earnings for the year 1939 specifically exempted in sub-paragraph (d)

1 211 050 50 4 509 045 05

Restricted under Mortgage and Deed of Trust dated November 1, 1940

2 315 958 03

Month of December 1941
Amount

	Detail on Page	This Year	Last Year	Increase or Decrease	
		Month Of December			1
Gross Revenues					2
Gas	4A	1 498 395 33	1 332 682 58	165 712 75	3
Gasoline	5A	109 259 58	39 829 52	69 430 06	4
Non-Operating	7	742 25	863 99	+121 74	5
					6
Total Revenues		1 608 397 16	1 373 376 09	235 021 07	7
Operating Expenses					8
Operation	x x	310 686 13	323 092 71	+12 406 58	9
Maintenance	x x	31 563 32	25 976 71	5 586 61	10
Depreciation, Depletion and Amortization	x x	259 307 43	213 298 41	46 009 02	11
Taxes—Federal Income	x x	181 106 77	179 000 00	2 106 77	12
Taxes—Federal Excess Profits	x x	99 774 72	99 000 00	774 72	13
Taxes—Other	x x	40 983 45	+24 998 70	65 982 15	14
Total Expenses		923 421 82	815 369 13	108 052 69	15
Net Operating Revenue		684 975 34	558 006 96	126 968 38	16
Other Income	9	2 130 92	5 069 38	+2 938 46	17
Gross Corporate Income		687 106 26	563 076 34	124 029 92	18
Other Deductions	9	45 263 29	101 578 00	+56 314 71	19
Less: Interest Charged to Construction	9	6 531 14	2 735 12	3 796 02	20
Net Income		648 374 11	464 233 46	184 140 65	21

Months Ended

					22
Gross Revenues					23
Gas	4B				24
Gasoline	5B				25
Non-Operating	7				26
					27
Total Revenues					28
Operating Expenses					29
Operation	x x				30
Maintenance	x x				31
Depreciation, Depletion and Amortization	x x				32
Taxes—Federal Income	x x				33
Taxes—Federal Excess Profits	x x				34
Taxes—Other	x x				35
Total Expenses					36
Net Operating Revenue					37
Other Income	9				38
Gross Corporate Income					39
Other Deductions	9				40
Less: Interest Charged to Construction	9				41
Net Income					42

12 Months Ended December 31

					43
Gross Revenues					44
Gas	4C	14 304 449 17	12 685 263 24	1 619 185 93	45
Gasoline	5C	735 077 94	355 722 01	379 355 93	46
Non-Operating	7	9 309 04	10 643 67	+1 334 63	47
					48
Total Revenues		15 048 836 15	13 051 628 92	1 997 207 23	49
Operating Expenses					50
Operation	x x	2 959 242 71	2 598 578 28	360 664 43	51
Maintenance	x x	310 321 96	245 438 95	64 883 01	52
Depreciation, Depletion and Amortization	x x	2 360 000 00	2 126 000 00	234 000 00	53
Taxes—Federal Income	x x	1 791 106 77(1)	1 400 000 00	391 106 77	54

Operating Expenses					8
Operation	x x	310 686 13	323 092 71	*12 406 58	9
Maintenance	x x	31 563 32	25 976 71	5 586 61	10
Depreciation, Depletion and Amortization	x x	259 307 43	213 298 41	46 009 02	11
Taxes—Federal Income	x x	181 106 77	179 000 00	2 106 77	12
Taxes—Federal Excess Profits	x x	99 774 72	99 000 00	774 72	13
Taxes—Other	x x	40 983 45	*24 998 70	65 982 15	14
Total Expenses		923 421 82	815 369 13	108 052 69	15
Net Operating Revenue		684 975 34	558 006 96	126 968 38	16
Other Income	9	2 130 92	5 069 38	*2 938 46	17
Gross Corporate Income		687 106 26	563 076 34	124 029 92	18
Other Deductions	9	45 263 29	101 578 00	*56 314 71	19
Less: Interest Charged to Construction	9	6 531 14	2 735 12	3 796 02	20
Net Income		648 374 11	464 233 16	184 140 65	21
Months Ended					22
Gross Revenues					23
Gas	4B				24
Gasoline	5B				25
Non-Operating	7				26
Total Revenues					27
Operating Expenses					28
Operation	x x				29
Maintenance	x x				30
Depreciation, Depletion and Amortization	x x				31
Taxes—Federal Income	x x				32
Taxes—Federal Excess Profits	x x				33
Taxes—Other	x x				34
Total Expenses					35
Net Operating Revenue					36
Other Income	9				37
Gross Corporate Income					38
Other Deductions	9				39
Less: Interest Charged to Construction	9				40
Net Income					41
12 Months Ended December 31					42
Gross Revenues					43
Gas	4C	14 304 449 17	12 685 263 24	1 619 185 93	44
Gasoline	5C	735 077 94	355 722 01	379 355 93	45
Non-Operating	7	9 309 04	10 643 67	*1 334 63	46
Total Revenues		15 048 836 15	13 051 628 92	1 997 207 23	47
Operating Expenses					48
Operation	x x	2 959 242 71	2 598 578 28	360 664 43	49
Maintenance	x x	310 321 96	245 438 95	64 883 01	50
Depreciation, Depletion and Amortization	x x	2 360 000 00	2 126 000 00	234 000 00	51
Taxes—Federal Income	x x	1 791 106 77(1)	1 400 000 00	391 106 77	52
Taxes—Federal Excess Profits	x x	1 582 774 72(1)	560 000 00	1 022 774 72	53
Taxes—Other	x x	701 108 39	576 787 74	124 320 65	54
Total Expenses		9 704 554 55	7 506 804 97	2 197 749 58	55
Net Operating Revenue		5 344 281 60	5 544 823 95	*200 542 35	56
Other Income	9	18 524 95	86 121 18	*67 586 23	57
Gross Corporate Income		5 362 816 55	5 630 945 13	*268 128 58	58
Other Deductions	9	685 348 92	1 216 030 51	*530 681 59	59
Less: Interest Charged to Construction	9	11 774 51	36 827 80	*25 053 29	60
Net Income		4 689 242 14(2)	4 451 742 42	237 499 72	61

(A)

(B)

(C)

(1) Includes charges in lieu of taxes. See page 14A.

(2) For restriction as to payment of dividends and segregation of surplus, see Page 2A.

*Indicates red figures.

1 Month Ended December 31, 1941

Acc't No.	Detail on Page	Amount		
		This Year	Last Year	Increase or Decrease
Operating Revenue — Gas				
600	Residential Sales	962 44	492 09	470 35
602-1	Commercial Sales	31 60	39 02	*7 42
602-2	Industrial Sales	89 909 89	63 009 25	26 900 64
605-1	Sales to Gas Utilities	1 212 724 25	1 052 764 79	159 959 46
608-1	Other Sales — Field	6 00	5 40	60
Total				
		1 303 634 18	1 116 310 55	187 323 63
Sales to Associated Companies				
605-2		194 761 15	216 372 03	*21 610 88
Total Revenue — Gas				
		1 498 395 33	1 332 682 58	165 712 75
Operating Revenue Deductions				
	Production — Operation	38 222 71	29 657 76	8 564 95
	— Maintenance	2 373 47	3 599 22	*1 225 75
	Gas Purchased — Associated Companies			
	Gas Purchased — Others	115 996 43	117 754 74	*1 758 31
	Purchased Gas Expense — Operation	2 318 35	2 134 80	183 55
	— Maintenance	129 29	343 31	*214 02
	Transmission — Operation	143 817 11	100 279 19	43 537 92
	— Maintenance	28 782 77	20 943 56	7 839 21
	Distribution — Operation			
	— Maintenance			
	Customers' Accounting and Collecting	1 414 66	1 263 57	151 09
	Sales Promotion	1 283 96	864 28	419 68
	Administrative and General — Operation	62 678 98	175 981 20	*113 302 22
	— Maintenance	6 04	912 57	*906 53
	Gas Used in Operations, Etc., Includes			
	Overhead Charged to Constr.	*78 669 84	*125 791 68	47 122 04
Total Operation And Maintenance				
		318 354 13	327 942 52	*9 588 39
Total Operation				
		287 062 56	302 143 86	*15 081 30
Total Maintenance				
		31 291 57	25 798 66	5 492 91
503-1	Depreciation	208 854 89	164 904 97	43 949 83
503-2	Amortization and Depletion — Producing Leases	9 533 31	7 879 99	1 653 32
512	Amortization Non-Producing Leases	6 193 39	6 237 50	*44 11
504	Amortization — Other	27 595 93	27 345 95	249 98
507	Taxes — Federal Income	181 106 77	179 000 00	2 106 77
507	Taxes — Federal Excess Profits	99 774 72	99 000 00	774 72
507	Taxes — Other	40 622 71	*25 370 54	65 993 25
Total Operating Revenue Deductions				
		892 035 76	786 940 39	105 095 37
Net Operating Revenue — Gas				
		606 359 57	545 742 19	60 617 38
Statistics				
MCF — Sales to Public				
	Sales — Associated Companies	878 861	919 983	*41 122
Total Sales				
		6 484 710	5 894 991	589 719
	Company Use — Compressor Stations	402 687	348 980	53 707
	Other Company Use	90 636	97 098	*6 462
	Exchange Gas Delivered	20 210		20 210
Total Deliveries				
		6 998 243	6 341 069	657 174
MCF — Produced				
		3 177 779	2 626 658	551 121

602-2	Industrial Sales	x x	89 909 89	63 009 25	26 900 64	4
605-1	Sales to Gas Utilities	x x	1 212 724 25	1 052 764 79	159 959 46	5
608-1	Other Sales — Field	x x	6 00	5 40	60	6
						7
	Total		1 303 634 18	1 116 310 55	187 323 63	8
						9
605-2	Sales to Associated Companies	x x	194 761 15	216 372 63	*21 610 88	10
						11
	Total Revenue — Gas		1 498 395 33	1 332 682 58	165 712 75	12
						13
	Operating Revenue Deductions					14
	Production — Operation	15	38 222 71	29 657 76	8 564 95	15
	— Maintenance	15	2 373 47	3 599 22	*1 225 75	16
	Gas Purchased — Associated Companies	15				17
	Gas Purchased — Others	15	115 996 43	117 754 74	*1 758 31	18
	Purchased Gas Expense — Operation	15	2 318 35	2 134 80	183 55	19
	— Maintenance	15	129 29	343 31	*214 02	20
	Transmission — Operation	17	143 817 11	100 279 19	33 537 92	21
	— Maintenance	17	28 782 77	20 943 56	7 839 21	22
	Distribution — Operation	17				23
	— Maintenance	18				24
	Customers' Accounting and Collecting	18	1 414 66	1 263 57	151 09	25
	Sales Promotion	18	1 283 96	864 28	419 68	26
	Administrative and General — Operation	19	62 678 98	175 981 20	*113 302 22	27
	— Maintenance	19	6 04	912 57	*906 53	28
	Gas Used in Operations, Etc., Includes	19				29
	Overhead Charged to Constr.		*78 669 64	*125 791 68	47 122 04	30
	Total Operation And Maintenance		318 354 13	327 942 52	*9 588 39	31
						32
	Total Operation	19.	287 062 56	302 143 86	*15 081 30	32
	Total Maintenance	19	31 291 57	25 798 66	5 492 91	33
503-1	Depreciation	x x	208 854 80	164 904 97	43 949 83	34
503-2	Amortization and Depletion — Producing Leases	x x	9 533 31	7 879 99	1 653 32	35
512	Amortization Non-Producing Leases	x x	6 193 39	6 237 50	*44 11	36
504	Amortization — Other	x x	27 595 93	27 345 95	249 98	37
507	Taxes — Federal Income	x x	181 106 77	179 000 00	2 106 77	38
507	Taxes — Federal Excess Profits	x x	99 774 72	99 000 00	774 72	39
507	Taxes — Other	x x	40 622 71	*25 370 54	65 993 25	40
	Total Operating Revenue Deductions		892 035 76	786 940 39	105 095 37	41
						43
	Net Operating Revenue — Gas		606 359 57	545 742 19	60 617 38	42
						44
	Statistics					
MCF — Sales to Public	25		5 605 849	4 975 008	630 841	45
“ Sales — Associated Companies	25		878 861	* 919 983	*41 122	46
						47
“ Total Sales	25		6 484 710	5 894 991	589 719	48
“ Company Use — Compressor Stations	25		402 687	348 980	53 707	49
“ Other Company Use	25		90 636	97 098	*8 462	50
“ Exchange Gas Delivered	25		20 210		20 210	51
						52
	Total Deliveries	25	6 998 243	6 341 069	657 174	53
						54
MCF — Produced	25		3 177 779	2 626 658	551 121	55
“ Purchased — Associated Companies	25					56
“ — Others	25		2 946 920	2 974 860	*27 940	57
“ Exchange Gas Received	25		6 732	6 919	*187	58
						59
“ Total Produced And Purchased	25		6 131 431	5 608 437	522 994	60
MCF (14.9) Total Deliveries	25		6 851 096	6 215 539	635 557	61
“ Total Available for Deliveries	25		6 748 188	*6 172 512	575 676	62
“ Unaccounted For (Losses in Black)	25		*102 908	*43 027	*59 881	63

*Indicates red figures.

(A) (B) (C)

12 Months Ended December 31, 1941

Acc't No.	Detail on Page	Amount		Increase or Decrease	
		This Year	Last Year		
	Operating Revenue — Gas				1
600	Residential Sales	x x 7 730 93	4 452 46	3 278 47	2
602-1	Commercial Sales	x x 290 39	340 13	*49 74	3
602-2	Industrial Sales	x x 866 247 80	650 247 69	216 000 11	4
605-1	Sales to Gas Utilities	x x 11 538 990 08	10 111 019 22	1 427 970 86	5
608-1	Other Sales — Field	x x 327 50	8 698 95	*8 371 45	6
					7
	Total	12 413 586 70	10 774 758 45	1 638 828 25	8
					9
605-2	Sales to Associated Companies	x x 1 890 862 47	1 910 504 79	*19 642 32	10
					11
	Total Revenue — Gas	14 304 449 17	12 685 263 24	1 619 185 93	12
					13
	Operating Revenue Deductions				14
	Production — Operation	15 376 292 17	328 814 97	47 477 20	15
	— Maintenance	15 27 123 09	22 181 71	4 941 38	16
	Gas Purchased — Associated Companies	15			17
	Gas Purchased — Others	15 1 180 917 63	1 090 106 83	90 810 80	18
	Purchased Gas Expense — Operation	15 22 710 64	24 919 24	*2 208 60	19
	— Maintenance	15 2 559 61	3 834 63	*1 275 02	20
	Transmission — Operation	17 1 137 100 49	999 461 75	137 638 74	21
	— Maintenance	17 273 424 50	211 984 75	61 439 75	22
	Distribution — Operation	17			23
	— Maintenance	18			24
	Customers' Accounting and Collecting	18 14 736 53	13 672 87	1 063 66	25
	Sales Promotion	18 12 571 35	11 754 38	762 97	26
	Administrative and General — Operation	19 661 787 73	630 391 94	31 395 79	27
	— Maintenance	19 1 229 58	2 571 83	*1 342 25	28
	Gas Used in Operations, Etc., Includes	19			29
	Overhead Charged to Constr.	19 *662 305 46	*691 990 24	29 684 78	30
	Total Operation and Maintenance	3 048 093 86	2 647 704 66	400 389 20	31
	Total Operation	19 2 743 757 08	2 407 131 74	336 625 34	32
	Total Maintenance	19 304 336 78	240 572 92	63 763 86	33
503-1	Depreciation	x x 1 796 994 80	1 570 744 97	226 249 83	34
503-2	Amortization and Depletion — Producing Leases	x x 90 177 06	79 736 27	10 440 79	35
512	Amortization Non-Producing Leases	x x 74 685 45	80 408 63	*5 723 18	36
504	Amortization — Other	x x 332 142 69	329 110 13	3 032 56	37
507	Taxes — Federal Income	x x 1 791 106 77	1 400 000 00	391 106 77	38
507	Taxes — Federal Excess Profits	x x 1 582 774 72	560 000 00	1 022 774 72	39
507	Taxes — Other	x x 696 592 62	572 286 87	124 305 75	40
	Total Operating Revenue Deductions	9 412 567 97	7 239 991 53	2 172 576 44	41
	Net Operating Revenue — Gas	4 891 881 20	5 445 271 71	*553 390 51	42
	Statistics				43
					44
MCF	Sales to Public	25 54 558 101	47 395 855	7 162 246	45
	Sales — Associated Companies	25 8 879 688	8 840 644	39 044	46
					47
	Total Sales	25 63 437 789	56 236 499	7 201 290	48
	Company Use — Compressor Stations	25 3 375 784	3 170 695	205 089	49
	Other Company Use	25 947 071	954 704	*7 633	50
	Exchange Gas Delivered	25 33 892	79 099	*45 207	51
					52
	Total Deliveries	25 67 794 536	60 440 997	7 353 539	53
					54
MCF	Produced	25 30 059 021	26 578 757	3 480 264	55
	Purchased — Associated Companies	25			56
	— Others	25 30 137 409	27 537 768	2 599 641	57
	Exchange Gas Received	25 78 520	69 412	9 108	58
					59
	Total Produced And Purchased	25 60 274 050	54 116 227		

No.		Detail on Page	This Year	Last Year	Increase or Decrease	
	Operating Revenue — Gas					1
600	Residential Sales	x x	7 780 93	4 452 46	3 278 47	2
602-1	Commercial Sales	x x	290 39	340 13	*49 74	3
602-2	Industrial Sales	x x	866 247 80	650 247 69	216 000 11	4
605-1	Sales to Gas Utilities	x x	11 538 990 08	10 111 019 22	1 427 970 86	5
608-1	Other Sales — Field	x x	327 50	8 698 95	*8 371 45	6
						7
	Total		12 413 586 70	10 774 758 45	1 638 828 25	8
						9
605-2	Sales to Associated Companies	x x	1 890 862 47	1 910 504 79	*19 642 32	10
						11
	Total Revenue — Gas		14 304 449 17	12 685 263 24	1 619 185 93	12
						13
	Operating Revenue Deductions					14
	Production — Operation	15	376 292 17	328 814 97	47 477 20	15
	“ — Maintenance	15	27 123 09	22 181 71	4 941 38	16
	Gas Purchased — Associated Companies	15				17
	Gas Purchased — Others	15	1 180 917 63	1 090 106 83	90 810 80	18
	Purchased Gas Expense — Operation	15	22 710 64	24 919 24	*2 208 60	19
	“ — Maintenance	15	2 559 61	3 834 63	*1 275 02	20
	Transmission — Operation	17	1 137 100 49	999 461 75	137 638 74	21
	“ — Maintenance	17	273 424 50	211 984 75	61 439 75	22
	Distribution — Operation	17				23
	“ — Maintenance	18				24
	Customers' Accounting and Collecting	18	14 736 53	13 672 87	1 063 66	25
	Sales Promotion	18	12 571 35	11 754 38	762 97	26
	Administrative and General — Operation	19	661 787 73	630 391 94	31 395 79	27
	“ — Maintenance	19	1 229 58	2 571 83	*1 342 25	28
	Gas Used in Operations, Etc., Includes	19				29
	Overhead Charged to Constr.	19	*662 305 46	*691 990 24	29 684 78	30
	Total Operation and Maintenance		3 048 093 86	2 647 704 66	400 389 20	31
	Total Operation	19	2 743 757 08	2 407 131 74	336 625 34	32
	Total Maintenance	19	304 336 78	240 572 92	63 763 86	33
503-1	Depreciation	x x	1 796 994 80	1 570 744 97	226 249 83	34
503-2	Amortization and Depletion — Producing Leases	x x	90 177 06	59 738 27	10 440 79	35
512	Amortization Non-Producing Leases	x x	74 685 45	80 408 63	*5 723 18	36
504	Amortization — Other	x x	332 142 69	329 110 13	3 032 56	37
507	Taxes — Federal Income	x x	1 791 106 77	1 400 000 00	391 106 77	38
507	Taxes — Federal Excess Profits	x x	1 582 774 72	560 000 00	1 022 774 72	39
507	Taxes — Other	x x	696 592 62	572 286 87	124 305 75	40
	Total Operating Revenue Deductions		9 412 567 97	7 239 991 53	2 172 576 44	41
	Net Operating Revenue — Gas		4 891 881 20	5 445 271 71	*553 390 51	42
		Statistics				43
						44
MCF — Sales to Public		25	54 558 101	47 395 855	7 162 246	45
“ Sales — Associated Companies		25	8 879 688	5 840 644	39 044	46
						47
“ Total Sales		25	63 437 789	56 236 499	7 201 290	48
“ Company Use — Compressor Stations		25	3 375 784	3 170 695	205 089	49
“ Other Company Use		25	947 071	954 704	*7 633	50
“ Exchange Gas Delivered		25	33 892	79 099	*45 207	51
						52
	Total Deliveries	25	67 794 536	60 440 997	7 353 539	53
						54
MCF — Produced		25	30 059 021	26 578 757	3 480 264	55
“ Purchased — Associated Companies		25				56
“ — Others		25	80 137 409	27 537 768	2 599 641	57
“ Exchange Gas Received		25	78 520	69 412	9 108	58
						59
“ Total Produced And Purchased		25	60 274 950	54 185 937	6 089 013	60
MCF (14.9%) Total Deliveries		25	66 365 418	58 694 393	7 671 025	61
“ “ Total Available for Deliveries		25	66 336 729	59 635 475	6 701 254	62
“ “ Unaccounted For (Losses in Black)		25	*28 689	941 062	*969 771	63

*Indicates red figures.

(A)

(B)

(C)

5041

Panhandle Eastern Pipe Line Company

Gasoline 5A

1 Months Ended December 31 1941

Acc't No.	Detail on Page	This Year		Last Year		Increase or Decrease	
		Amount	Cents per Gallon	Amount	Cents per Gallon	Amount	
5501	Gross Sales—Gasoline Natural Gasoline	110 216 14	4 21	40 198 27	1 77	70 017 87	1 2 3 4 5 6
	Total Gross Sales	110 216 14	4 21	40 198 27	1 77	70 017 87	7
5510	Deductions From Gross Sales Discounts and Allowances	956 56	.04	368 75	.02	587 81	8 9 10 11 12
	Total Deductions	956 56	.04	368 75	.02	587 81	13
	Total Net Sales	109 259 58	4 17	39 829 52	1 75	69 430 06	14
5511	Cost Of Sales						15
5512	Natural Gasoline Inventory Adjustments	22 630 21	.86	19 901 26	.87	2 728 95	16 17 18 19
	Total Cost Of Sales	22 630 21	.86	19 901 26	.87	2 728 95	20
	Gross Profit	86 629 37	3 31	19 928 26	.88	66 701 11	21
	Operating Expenses						22
x x	Marketing	312 41	.01	358 53	.02	*46 12	23
x x	General	544 17	.02	465 37	.02	78 80	24
5540	Depreciation	7 130 00	.27	6 930 00	.30	200 00	25
5541-1	Taxes—Federal Income						26
5541-2	Taxes—Federal Excess Profits						27
5542	Taxes—Other	360 74	.02	371 84	.02	*11 10	28 29 30
	Total Operating Expenses	8 347 32	.32	8 125 74	.36	221 58	31
	Net Operating Profit—Gasoline	78 282 05	2 99	11 802 52	.52	66 479 53	32
	(A)	(B)	(C)	(D)	(E)		33
	Statistics						34 35 36 37
							38
							39
							40
							41
							42
							43
							44
	To Be Accounted For	2 740 315		2 396 764		343 551	45
	Natural Gasoline Sold	2 618 843		2 272 851		345 992	46 47
	Inventory Adjustments						48 49
	Total Sold And Used	2 618 843		2 272 851		345 992	50
	On Hand End Of Period	121 472		123 913		*2 441	51
							52
							53
	Gas Treated—MCF	6 493 823		5 841 626		652 197	54

12 Months Ended December 31, 1941

Acc't No.	Detail on Page	This Year		Last Year		Increase or Decrease	
		Amount	Cents per Gallon	Amount	Cents per Gallon	Amount	
5501	Gross Sales—Gasoline						1
	Natural Gasoline	742 112 40	2.92	359 471 22	1.73	382 641 18	2
							3
							4
							5
							6
	Total Gross Sales	742 112 40	2.92	359 471 22	1.73	382 641 18	7
5510	Deductions From Gross Sales						8
	Discounts and Allowances	7 034 46	.03	3 749 21	.02	3 285 25	9
							10
							11
							12
	Total Deductions	7 034 46	.03	3 749 21	.02	3 285 25	13
	Total Net Sales	735 077 94	2.89	355 722 01	1.71	379 355 93	14
5511	Cost Of Sales						15
	Natural Gasoline	202 622 79	.80	180 680 23	.87	21 942 56	16
5512	Inventory Adjustments			39 87		*39 87	17
							18
							19
	Total Cost Of Sales	202 622 79	.80	180 720 10	.87	21 902 69	20
	Gross Profit	532 455 15	2.09	175 001 91	.84	357 453 24	21
	Operating Expenses						22
x x	Marketing	3 359 02	.01	3 063 67	.01	295 35	23
x x	General	6 896 47	.03	5 704 84	.03	1 191 63	24
5540	Depreciation	66 000 00	.26	66 000 00	.32		25
5541-1	Taxes—Federal Income						26
5541-2	Taxes—Federal Excess Profits						27
5542	Taxes—Other	4 515 77	.02	4 500 87	.02	14 90	28
							29
							30
	Total Operating Expenses	80 771 26	.32	79 269 38	.38	1 501 88	31
	Net Operating Profit—Gasoline	451 683 89	1.77	95 732 53	.46	355 951 36	32
		(A)	(B)	(C)	(D)	(E)	33
	Statistics						34
							35
							36
							37
							38
							39
							40
							41
							42
							43
							44
	To Be Accounted For	25 547 022		20 956 375		4 590 647	45
							46
	Natural Gasoline Sold	25 425 550		20 827 942		4 597 608	47
	Inventory Adjustments			4 520		*4 520	48
							49
							50
	Total Sold And Used	25 425 550		20 832 462		4 593 088	51
	On Hand End Of Period			123 913		*2 441	52

36
37

Gallons Or MCF 38

	This Year	Last Year	Increase or Decrease	39
Gallons On Hand Beginning Of Period	123 913	163 097	*39 184	40
" Natural Gasoline Produced	25 423 109	20 793 278	4 629 831	41
				42
				43
				44
" To Be Accounted For	25 547 022	20 956 375	4 590 647	45
				46
" Natural Gasoline Sold	25 425 550	20 827 942	4 597 608	47
" Inventory Adjustments		4 520	*4 520	48
				49
				50
" Total Sold And Used	25 425 550	20 832 462	4 593 088	51
" On Hand End Of Period	121 472	123 913	*2 441	52
				53
Gas Treated—MCF	62 632 791	54 671 339	7 961 452	54
Average Yield Per Million Cu. Ft.—Gals.	405 91	380 33	25 58	55
Gas Fuel—MCF	240 895	216 122	*24 773	56
Gas Shrinkage—MCF	635 706	519 828	115 878	57
Cu. Ft. of Fuel Used Per Gallon Extracted	9 48	10 39	* 91	58
				59
				60
				61
				62
				63

*Indicates red figures.

(F)

(G)

(H)

5345

Acc't No.		This Year	Last Year	Increase or Decrease	
	Month Of December				1
	Gross Revenue—Non-Operating				2
520-1	Revenue from Jobbing and Contract Work	57 00	259 01	+202 01	3
522	Revenue from Lease of Other Physical Property	679 04	599 22	79 82	4
526	Miscellaneous Non-Operating Revenues	6 21	5 76	45	5
					6
					7
					8
					9
					10
	Total Revenue—Non-Operating	742 25	863 99	+121 74	11
	Operating Expenses				12
520-2	Jobbing and Contract Work —Labor	—	12 38	+12 38	13
520-3	Jobbing and Contract Work —S. & E.	3 70	80 29	+76 59	14
527-1	Operation—Leased Property	133 08	131 02	2 06	15
527-2	Maintenance—Leased Property	271 75	178 05	93 70	16
					17
					18
					19
	Total Expenses	408 53	401 74	6 79	20
	Net Revenue—Non-Operating	333 72	462 25	+128 53	21
					22
	Months Ended				23
	Gross Revenue—Non-Operating				24
520	Revenue from Jobbing and Contract Work				25
522	Revenue from Lease of Other Physical Property				26
526	Miscellaneous Non-Operating Revenues				27
					28
					29
					30
					31
	Total Revenue—Non-Operating				32
	Operating Expenses				33
520-2	Jobbing and Contract Work —Labor				34
520-3	Jobbing and Contract Work —S. & E.				35
527-1	Operation—Leased Property				36
527-2	Maintenance—Leased Property				37
					38
					39
					40
	Total Expenses				41
	Net Revenue—Non-Operating				42
					43
	12 Months Ended December 31				44
	Gross Revenue—Non-Operating				45
520-1	Revenue from Jobbing and Contract Work	1 311 20	1 229 40	81 80	46
522	Revenue from Lease of Other Physical Property	7 909 55	7 080 87	828 68	47
526	Miscellaneous Non-Operating Revenues	88 29	2 333 40	+2 245 11	48
					49
					50
					51
					52
	Total Revenue—Non-Operating	9 309 04	10 643 67	+1 334 63	53
	Operating Expenses				54
520-2	Jobbing and Contract Work —Labor	186 79	286 95	+120 16	55
520-3	Jobbing and Contract Work —S. & E.	630 95	397 31	233 64	56
527-1	Operation—Leased Property	1 809 61	1 273 67	535 94	57
527-2	Maintenance—Leased Property	5 985 18	4 866 03	1 119 15	58
					59

Month Of December

Gross Revenue—Non-Operating				2		
520-1	Revenue from Jobbing and Contract Work	57 00	259 01	*202 01	3	
522	Revenue from Lease of Other Physical Property	679 04	590 22	79 82	4	
526	Miscellaneous Non-Operating Revenues	6 21	5 76	45	5	
					6	
					7	
					8	
					9	
					10	
Total Revenue—Non-Operating		742 25	863 99	*121 74	11	
Operating Expenses					12	
520-2	Jobbing and Contract Work	—Labor	—	12 38	*12 38	13
520-3	Jobbing and Contract Work	—S. & E.	3 70	80 29	*76 59	14
527-1	Operation—Leased Property		133 08	131 02	2 06	15
527-2	Maintenance—Leased Property		271 75	178 05	93 70	16
						17
						18
						19
Total Expenses		408 53	401 74	6 79		20
Net Revenue—Non-Operating		333 72	462 25	*128 53		21

Months Ended

Gross Revenue—Non-Operating			23
520	Revenue from Jobbing and Contract Work		25
522	Revenue from Lease of Other Physical Property		26
526	Miscellaneous Non-Operating Revenues		27
			28
			29
			30
			31
Total Revenue—Non-Operating			32
Operating Expenses			33
520-2	Jobbing and Contract Work	—Labor	34
520-3	Jobbing and Contract Work	—S. & E.	35
527-1	Operation—Leased Property		36
527-2	Maintenance—Leased Property		37
			38
			39
			40
Total Expenses			41
Net Revenue—Non-Operating			42

12 Months Ended December 31

12 MONTHS ENDED DECEMBER 31					41
	Gross Revenue—Non-Operating				45
520-1	Revenue from Jobbing and Contract Work	\$ 311 20	1 229 40	81 80	46
522	Revenue from Lease of Other Physical Property	7 909 55	7 080 87	828 68	47
526	Miscellaneous Non-Operating Revenues	88 29	2 333 40	*2 245 11	48
					49
					50
					51
					52
	Total Revenue—Non-Operating	9 309 04	10 643 67	*1 334 63	53
	Operating Expenses				54
520-2	Jobbing and Contract Work —Labor	166 79	286 95	*120 16	55
520-3	Jobbing and Contract Work —S. & E.	630 95	397 31	233 64	56
527-1	Operation—Leased Property	1 809 61	1 273 67	535 94	57
527-2	Maintenance—Leased Property	5 985 18	4 866 03	1 119 15	58
					59
					60
					61
	Total Expenses	8 592 53	6 823 96	1 768 57	62
	Net Revenue—Non-Operating	716 51	3 819 71	*3 103 20	63

(A)

(B)

(C)

*Indicates red figures.

5647

Acct No.		Detail on Page	This Year	Last Year	Increase or Decrease	
Other Income						1
						2
Month Of December						3
						4
523	Dividend Revenues—Associated Companies	14				5
524-1	Interest on Securities Owned	14B	2 130 92	1 185 22	945 70	6
524-21	Interest Revenues—Associated Companies	14B	—	3 884 16	*3 884 16	7
524-22	Interest Revenues—Other	14				8
						9
						10
						11
Total Other Income		14B	2 130 92	5 069 38	*2 938 46	12
						13
Months Ended						14
523	Dividend Revenues—Associated Companies	14				15
524-1	Interest on Securities Owned	14				16
524-21	Interest Revenues—Associated Companies	14				17
524-22	Interest Revenues—Other	14				18
						19
						20
						21
Total Other Income		14				22
						23
12 Months Ended December 31						24
523	Dividend Revenues—Associated Companies	14B	—	56 000 00	*56 000 00	25
524-1	Interest on Securities Owned	14B	17 434 95	13 186 64	4 248 31	26
524-21	Interest Revenues—Associated Companies	14B	—	16 864 99	*16 864 99	27
524-22	Interest Revenues—Other	14B	1 100 00	69 55	1 030 45	28
						29
						30
						31
Total Other Income		14B	18 534 95	86 121 18	*67 586 23	32
						33
						34
Other Deductions						35
						36
Month Of December						37
						38
530	Interest on Long-Term Debt	14C	45 052 09	75 000 00	*29 947 91	39
531	Amortization of Debt Discount and Expense	14C	—	25 768 77	*25 768 77	40
533	Taxes Assumed on Interest	14C	211 20	120 53	90 67	41
534	Interest on Debt to Associated Companies	14				42
535	Other Interest Charges	14C	—	688 70	*688 70	43
Total Other Deductions		14C	45 263 29	101 578 00	*56 314 71	44
536	Interest Charged to Construction		6 531 14	2 735 42	3 796 02	45
						46
Months Ended						47
530	Interest on Long-Term Debt	14				48
531	Amortization of Debt Discount and Expense	14				49
533	Taxes Assumed on Interest	14				50
534	Interest on Debt to Associated Companies	14				51
535	Other Interest Charges	14				52
Total Other Deductions		14				53
536	Interest Charged to Construction					54
						55

523	Dividend Revenues—Associated Companies	14				5
524-1	Interest on Securities Owned	14B	2 130 92	1 185 22	945 70	6
524-21	Interest Revenues—Associated Companies	14B	—	3 884 16	*3 884 16	7
524-22	Interest Revenues—Other	14				8
						9
						10
						11
Total Other Income		14B	2 130 92	5 069 38	*2 938 46	12

Months Ended

523	Dividend Revenues—Associated Companies	14				15
524-1	Interest on Securities Owned	14				16
524-21	Interest Revenues—Associated Companies	14				17
524-22	Interest Revenues—Other	14				18
						19
						20
						21
Total Other Income		14				22

12 Months Ended December 31

523	Dividend Revenues—Associated Companies	14B	—	56 000 00	*56 000 00	25
524-1	Interest on Securities Owned	14B	17 434 95	13 186 64	*248 31	26
524-21	Interest Revenues—Associated Companies	14B	—	16 864 99	*16 864 99	27
524-22	Interest Revenues—Other	14B	1 100 00	69 55	1 030 45	28
						29
						30
						31
Total Other Income		14B	18 534 95	86 121 18	*67 586 23	32

Other Deductions

						33
						34
						35
						36
						37
						38
530	Interest on Long-Term Debt	14C	45 052 09	75 000 00	*29 947 91	39
531	Amortization of Debt Discount and Expense	14C	—	25 768 77	*25 768 77	40
533	Taxes Assumed on Interest	14C	211 20	120 53	90 67	41
534	Interest on Debt to Associated Companies	14				42
535	Other Interest Charges	14C	—	688 70	*688 70	43
Total Other Deductions		14C	45 263 29	101 578 00	*56 314 71	44

536	Interest Charged to Construction		6 531 14	2 735 12	3 796 02	45
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Months Ended

530	Interest on Long-Term Debt	14				48
531	Amortization of Debt Discount and Expense	14				49
533	Taxes Assumed on Interest	14				50
534	Interest on Debt to Associated Companies	14				51
535	Other Interest Charges	14				52
Total Other Deductions		14				53

536	Interest Charged to Construction					54
-----	----------------------------------	--	--	--	--	----

12 Months Ended December 31

530	Interest on Long-Term Debt	14C	651 903 65	903 333 32	*251 429 67	57
531	Amortization of Debt Discount and Expense	14C	27 486 70	310 029 24	*282 542 54	58
533	Taxes Assumed on Interest	14C	1 614 71	1 001 02	612 69	59
534	Interest on Debt to Associated Companies	14				60
535	Other Interest Charges	14C	4 343 86	1 666 93	2 676 93	61
Total Other Deductions		14C	685 348 92	1 216 030 51	*530 681 59	62
536	Interest Charged to Construction		11 774 51	36 827 80	*25 053 29	63

(A) (B) (C)

*Indicates red figures.

12 Months Ended December 31, 1941

Surplus — January 1, 1941						x x x x x x x x	7 790 960 99	1
Surplus — Prior to December 31, 1935								2
Surplus — Since December 31, 1935						7 790 960 99		3
								4
Additions:								5
								6
Net Income 12 Months Ended Dec. 31, 1941, As Shown By Earnings Summary						x x x x x x x x	4 689 242 14	7
								8
Other Credits								9
								10
								11
								12
								13
								14
								15
								16
								17
								18
								19
								20
								21
								22
								23
								24
								25
								26
								27
Total						x x x x x x x x	12 480 203 13	28
Deductions:								29
								30
Dividends								31
								32
Preferred	No.	Declared	Record	Payment				33
	21	1/25/41	3/15/41	4/ 1/41	165 000 00			34
	22	5/20/41	6/14 41	7/ 1/41	165 000 00			35
	23	9 29/41	9/29/41	10/ 1/41	165 000 00			36
	24	12/19/41	12/19/41	1/ 1/42	165 000 00	660 000 00		37
Common	8	1/25/41	1/25/41	1/25/41	339 094 14			38
	9	2/28/41	3/ 5/41	3/20/41	403 683 50			39
	10	5/20/41	5/24/41	6/ 9/41	403 683 50			40
	11	9/29/41	10/ 2/41	10/17/41	807 367 00	1 953 828 14		41
Participating (Preferred)	5	9/29/41	10/ 2/41	10/17/41	201 841 75			42
	6	12/19/41	12/22/41	1/ 6/42	538 244 67	740 086 42		43
								44
								45
Other Charges								46
Unamortized Debt Discount and Expense:								47
Twenty-Year Sinking Fund Mortgage Bonds,								48
Series A, 6%, due October 1, 1950					890 386 60			49
First Mortgage and First Lien Bonds,								50
Series A, 4%, due March 1, 1952					791 676 91			51
First Mortgage and First Lien Bonds,								52
Series A, 4%, due March 1, 1952 — Call Premium					115 931 04			53
First Mortgage and First Lien Bonds,								54
Series A, due serially November 1, 1946 to Nov. 1, 1950					56 255 05			55
First Mortgage and First Lien 3% Bonds,								56
Series B, due November 1, 1960					72 152 04			57
Serial Notes, Series A, B, C and D								58
Due serially November 1, 1942 to November 1, 1945					34 346 73	1 960 748 37		59
								60
								61
Total Deductions					x x x x x x x x	5 314 662 93		62
Surplus December 31, 1941					x x x x x x x x	7 165 540 20		63

(A)

(B)

*For restriction as to payment of dividends and segregation of surplus, see Page 2A.

15849

[fol. 15850]		Over		Since	
Description		Previous Month		January First	
Gas Plant					
Gas Plant in Service (Installed since January 1, 1940)					
Main Line System (Texas to Indiana)		7 093 217 50	528 174 18	1 568 464 10	
Other Leaseholds, Wells, Lines, Compressors, etc. (Local Area)		68 365 17	5 893 66	41 737 52	
Other Gas Sales and Purchase Contracts		35 215 32	*521 67	12 753 42	
Total Page 1, Line 2		7 196 797 99	533 546 17	1 622 955 04	
Construction Work in Progress					
Total Page 1, Line 3		2 668 429 03	1 040 906 57	1 994 523 95	
Gas Plant in Process of Reclassification					
Main Line System (Texas to Indiana)		53 352 283 11	*14 712 33	*346 298 41	
Other Leaseholds, Wells, Lines, Compressors, etc. (Local Area)		1 834 605 65	*2 936 13	*58 495 45	
Gas Sales and Purchase Contracts		2 930 286 40			
Less — Reserve for Amortization		1 758 171 60	1 172 114 80	*24 419 05	*293 028 60
Other Gas Sales and Purchase Contracts		317 681 96	*2 655 21	*31 862 52	
Total Page 1, Line 5		56 676 685 52	*44 722 72	*729 684 98	
Total Page 1, Line 10		66 541 912 54	1 529 730 02	2 887 794 01	
Investments And Fund Accounts					
Investment in Securities of Associated Company		Description	Shares	Par Value	Cost
Illinois Natural Gas Company		Common Stock	28,000*	None	2 635 391 43
Total Page 1, Line 15					2 635 391 43
Other Investments		Description			
The Southwest Kansas Oil and Gas Company and		(Four notes of equal amounts dated January 6, 1936,			
The Saturn Oil and Gas Company		one note due each year, 1943 to 1946)			
The Southwest Kansas Oil and Gas Company and		Balance 1/1/41	Debits	Credits	
The Saturn Oil and Gas Company (Drilling Account)		174 574 05	—	18 894 77	155 679 28
Total Page 1, Line 17					204 498 52
*Pledged with City Bank Farmers Trust Company as Corporate Trustee under Mortgage and Deed of Trust dated November 1, 1940					

Detail Of
Balance Sheet Accounts

Panhandle Eastern Pipe Line Company

Month of December 1941 11A

*Indicates red figures.

Current and Accrued Assets

Special Deposits

Interest Special Deposits:

First Mortgage and First Lien Bonds, Series A, 4%,
due March 1, 1952, City Bank Farmers Trust Company —
Paying Agent (Called for redemption March 1, 1941)

3 720 00

First Mortgage and First Lien 3% Bonds, Series B,
due November 1, 1960, City Bank Farmers Trust
Company — Paying Agent

510 00

4 230 00

Miscellaneous Special Deposits:

Sinking Fund — First Mortgage and First Lien Bonds
Series A, 4%, due March 1, 1952, City Bank Farmers Trust
Company — Paying Agent (Called for redemption March 1,
1941)

6 000 00

Trust Fund for Redemption of First Mortgage and First Lien
Bonds, Series A, 4%, due March 1, 1952, City Bank Farmers
Trust Company — Paying Agent (Called for redemption
March 5, 1941)

90 822 14

Funds in Escrow —

Service Deposits:

City of Belton, Missouri

5 00

City Hugoton, Kansas

40 00

Missouri Public Service Company

5 00

Kansas Utilities Company

3 00

53 00

Right of Way Deposit:

Jackson County, Missouri Highway Department

50 00

State Treasurer of Missouri

325 00

Macon County, Illinois, Department of Highways

500 00

875 00

Deposit for Guaranty of Insurance Premium:

Zurich General Accident and Liability Insurance Company

600 00

98 350 14

Total Page 1, Line 28

102 580 14

Working Funds

Cash Advances — Employees

Traveling Expense

4 510 00

Petty Cash Funds

5 739 05

Deposits — Payroll Accounts

1 000 00

Total Page 1, Line 29

11 249 05

(A)

(B)

(C)

(D)

Current And Accrued Assets (Cont.)

Temporary Cash Investments

U. S. Treasury Notes of Tax Series "B"—1943

(In safekeeping at The National City Bank of New York)

Total Page 1, Line 30

2 750 000 00

Accounts Receivable from Associated Company

Accounts Receivable

Illinois Natural Gas Company

Total Page 1, Line 34

220 573 95

Long-Term Debt

Bonds

First Mortgage and First Lien Bonds,

Series A, due Serially November 1, 1946

to November 1, 1950, inclusive:

Maturity

Interest Rate

November 1, 1946

1.65

1 250 000 00

November 1, 1947

1.85

1 250 000 00

November 1, 1948

2.00

1 250 000 00

November 1, 1949

2.15

1 250 000 00

November 1, 1950

2.30

1 250 000 00

6 250 000 00

First Mortgage and First Lien 3% Bonds,

Series B, due November 1, 1960

12 000 000 00

Total Page 2, Line 13

18 250 000 00

Miscellaneous Long-Term Debt

Serial Notes, Series A, B, C and D

due serially November 1, 1942 to

November 1, 1945, inclusive:

Series

Maturity

Interest Rate

A

November 1, 1942

0.75

1 250 000 00

B

November 1, 1943

1.00

1 250 000 00

C

November 1, 1944

1.25

1 250 000 00

D

November 1, 1945

1.50

1 250 000 00

5 000 000 00

Leasehold Purchase Obligation:

J. T. Sneed, Jr. and Elizabeth Sneed Pool

Principal Amount \$62,000, unpaid balance due August 1, 1946

9 789 19

Total Page 2, Line 16

5 009 789 19

(A)

(B)

(C)

(D)

Current And Accrued Liabilities		1
Accounts Payable		2
Vouchers Payable	838 655 82	3
Gas Accounts Payable	141 057 05	4
Suspended Gas Purchase Accounts	3 142 23	5
Federal Old Age Benefits — Deductions from Employees	2 878 19	6
Deductions from Other Producers — Texas	3 583 35	7
Deductions from Other Producers — Kansas	606 62	8
Retailers' Sales Tax — Kansas	69 57	9
Retail Sales Tax — Missouri	1 742 91	10
Group Life Insurance Adjustment	11 36	11
Other — Withheld from Contractors	81 799 56	12
		13
Total Page 2, Line 22	1 073 546 16	14
		15
		16
Matured Long-Term Debt		17
First Mortgage and First Lien Bonds, Series A, due March 1, 1952		18
(Called for Redemption March 1, 1941 to satisfy Sinking Fund requirement)	6 000 00	19
		20
Liquidation Account — First Mortgage and First Lien Bonds,		21
Series A, 4%, due March 1, 1952 (Called for Redemption March 5, 1941)	90 822 14	22
		23
Total Page 2, Line 26	96 822 14	24
		25
		26
		27
		28
		29
		30
		31
		32
		33
		34
		35
		36
		37
		38
		39
		40
		41
		42
		43
		44
		45
		46

[fol. 15854] Acc't No.	Title of Account and Description	Total Amount Basis	Months to Run	Balance Beginning of Month	Changes During Month		Balance End of Month	
					Debits	Credits		
	Current And Accrued Assets							1
125-2	Other Accounts Receivable							2
	Phillips Petroleum Company (Gasoline Sales)			61 836 30	109 259 58	116 111 35	54 984 53	3
	Michigan Gas Transmission Corp. (Advance for Change-Over Costs)			1 202 05	—	331 25	870 80	4
	Personal Loans			374 50	50 00	116 50	308 00	5
	Other Accounts Receivable			16 333 81	10 590 18	9 295 82	17 647 17	6
								7
	Total Page 1, Line 33			79 746 66	119 908 76	125 854 92	73 800 50	8
								9
131-1	Materials and Supplies — Gas			331 177 13				10
	Purchased				38 017 07			11
	Returned				15 430 63			12
	Issued					22 076 17	362 548 66	13
								14
	Total Page 1, Line 36			331 177 13	53 447 70	22 076 17	362 548 66	15
								16
								17
132	Prepayments							18
	Insurance — General			49 488 53	413 23	1 928 12	47 973 64	19
	Insurance — Group Life			4 599 42	—	657 06	3 942 36	20
	Insurance — Group Annuities			8 333 33	—	8 333 33	—	21
	Lease Rentals			36 996 51	11 996 00	8 591 28	40 401 23	22
	Rentals — River Crossing			2 500 00	—	250 00	2 250 00	23
	Legal Services			15 000 00	—	15 000 00	—	24
	Automobile Licenses			105 95	59 00	—	164 95	25
								26
	Total Page 1, Line 39			117 023 74	12 468 23	34 759 79	94 732 18	27
								28
								29
	Deferred Debits							30
140	Unamortized Debt Discount and Expense							31
	Twenty-year Sinking Fund Mortgage Bonds							32
	Series A, 6%, due October 1, 1950 (Redeemed March 1, 1937)			814 097 11	—	814 097 11	—	33
	First Mortgage and First Lien Bonds,							34
	Series A, 4%, due March 1, 1952 (Redeemed March 5, 1941)							35
	Discount and Expense			674 334 63	—	674 334 63	—	36
	Call Premium			101 305 88	—	101 305 88	—	37
	First Mortgage and First Lien Bonds, Series A,							38
	due Serially November 1, 1946 to November 1, 1950:							39
	First Mortgage and First Lien 3% Bonds, Series B,							40
	due November 1, 1960; Serial Notes, Series							41
	A, B, C and L, due Serially November 1, 1942							42
	to November 1, 1945			210 426 41	—	210 426 41	—	43
								44
	Total Page 1, Line 49			1 800 164 03	—	1 800 164 03	—	45
								46
								47

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Detail Of

Balance Sheet Accounts

Panhandle Eastern Pipe Line Company

Month of December 1941 12A

[fol. 15855]

Acc't No.	Title of Account and Description	Total Amount Basis	Months to Run	Balance Beginning of Month	Changes During Month		Balance End of Month	
					Debits	Credits		
	Deferred Debits (Cont.)							1
143	Clearing Accounts							2
	Transportation Expenses (Company Owned Fleet)			4 652 58	10 132 88	8 024 89	6 760 57	3
	Pay Roll			—	162 632 99	162 632 99	—	4
	Total Page 1, Line 50			4 652 58	172 765 87	170 657 88	6 760 57	6
144	Retirement Work in progress							7
	Total Page 1, Line 51			300 976 86	43 837 77	344 814 63	—	8
145	Other Work in Progress							9
	Total Page 1, Line 52			114 889 95	83 258 24	21 528 39	176 619 80	10
146	Other Deferred Debits							11
	Dormant Cash			2 00	—	—	2 00	12
	Aetna Life Insurance Company			4 018 89	48 02	—	4 066 91	13
	Total Page 1, Line 53			4 020 89	48 02	—	4 068 91	14
226	Current And Accrued Liabilities							15
	Matured Interest							16
	First Mortgage and First Lien Bonds, Series A, 4%, due March 1, 1952			3 720 00	—	—	3 720 00	17
	First Mortgage and First Lien 3% Bonds Series B, due November 1, 1960			1 710 00	1 200 00	—	510 00	18
	Total Page 2, Line 27			5 430 00	1 200 00	—	4 230 00	19

Detail Of
Balance Sheet Accounts(A) (B) (C) (D) (E) (F)
Panhandle Eastern Pipe Line Company

Month of December 1941 12B

[fol. 15856]

Acc't No.	Title of Account and Description	Total Amount Basis	Months to Run	Balance Beginning of Month	Changes During Month		Balance End of Month	
					Debits	Credits		
	Current And Accrued Liabilities (Cont.)							1
228	Taxes Accrued							2
	Ad valorem:							3
	Texas—1941			2 185 33	—	*739 86	1 445 47	4
	Oklahoma—1941			8 231 55	2 768 43	73 75	5 536 87	5
	Kansas—1941			239 796 93	257 665 58	17 868 65	—	6
	Missouri—1940—1941			96 681 29	100 920 94	4 286 03	46 38	7
	Missouri—1941—1942	100 800 00	5	50 400 00	—	8 400 00	58 800 00	8
	Illinois—1941			62 700 00	—	5 700 00	68 400 00	9
	Gross Production—Texas			3 448 83	3 448 83	3 649 74	3 649 74	10
	Conservation Assessment—Kansas			273 59	341 32	385 62	317 89	11
	Compensating Tax (Excise) Kansas			—	191 79	191 79	—	12
	Federal Capital Stock—1941—1942	92 400 00	6	36 500 00	—	9 700 00	46 200 00	13
	Federal Excise—Old Age Benefits			1 890 25	—	1 274 64	3 164 89	14
	Federal Excise—Unemployment Insurance			3 005 15	—	395 33	3 400 48	15
	Unemployment Compensation:							16
	Texas			101 97	—	63 09	165 06	17
	Kansas			1 221 58	—	851 86	2 073 44	18
	Missouri			1 606 87	—	1 109 24	2 716 11	19
	Illinois			807 65	—	595 26	1 402 91	20
	Michigan			345 84	—	171 31	517 15	21
	New York			43 91	—	26 81	70 72	22
	State Income—1939			15 418 21	—	—	15 418 21	23
	State Income—1940			14 069 54	—	—	14 069 54	24
	State Income—1941			44 000 00	—	*9 000 00	35 000 00	25
	Federal Income—1938			24 242 22	—	—	24 242 22	26
	Federal Income—1939			14 883 18	—	—	14 883 18	27
	Federal Income—1940			396 333 43	334 555 52	—	61 777 91	28
	Federal Income—1941			1 468 893 23	—	181 106 77	1 650 900 00	29
	Federal Excess Profits—1940			319 910 55	80 029 81	—	239 880 74	30
	Federal Excess Profits—1941			800 225 28	—	99 774 72	900 000 00	31
								32
	Total Page 2, Line 29			3 607 216 38	779 922 22	325 884 75	3 153 178 91	33

*Indicates red figures.

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Detail Of
Balance Sheet—Accounts

Panhandle Eastern Pipe Line Company

Month of December 1941 12 C

fol. 15857]						Changes During Month			
Acc't No.	Title of Account and Description	Total Amount Basis	Months to Run	Balance Beginning of Month	Debits	Credits	Balance End of Month		
Current And Accrued Liabilities (Cont.)									
229-1	Interest Accrued Long-Term Debt							1	
	First Mortgage and First Lien Bonds, Series A, due Serially			10 364 59	—	10 364 59	20 729 18	2	
	First Mortgage and First Lien 3% Bonds, Series B, due November 1, 1960.			30 000 00		30 000 00	60 000 00	3	
	Serial Notes, Series A, B, C and D, due Serially			4 687 50	—	4 687 50	9 375 00	4	
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(fol. 15858)

Acc't No.	Title of Account and Description	Total Amount Basis	Months to Run	Balance Beginning of Month	Changes During Month		Balance End of Month	
					Debits	Credits		
	Reserves							1
250-6	Depreciation, Depletion and Amortization							2
	In Process of Reclassification							3
	Property, Plant and Equipment			9 499 954 11	198 979 02	215 984 80	9 516 959 80	4
	Gas Sales and Purchase Contracts	2 930 286 40	48	—	24 419 05*	24 419 05	—	5
	Other Gas Sales and Purchase							6
	Contracts	371 076 00	120	—	2 046 51	2 046 51	—	7
	Other Gas Sales and Purchase							8
	Contracts	73 047 98	117	—	445 41	445 41	—	9
	Other Gas Sales and Purchase							10
	Contracts	12 875 58	120	—	88 79	88 79	—	11
	Other Gas Sales and Purchase							12
	Contracts	2 961 50	117	—	19 10	19 10	—	13
	Other Gas Sales and Purchase							14
	Contracts	4 672 74	119	—	31 36	31 36	—	15
	Other Gas Sales and Purchase							16
	Contracts	4 116 77	140	—	24 04	24 04	—	17
	Automobiles	Expected Life		23 521 39	1 245 21	3 572 33	25 848 51	18
	Amortization of Leasehold			537 233 79	2 00	—	537 231 79	19
	Gas Plant in Service							20
	Other Gas Sales and Purchase							21
	Contracts	14 723 20	120	—	101 53	101 53	—	22
	Other Gas Sales and Purchase							23
	Contracts	875 49	120	—	6 34	6 34	—	24
	Other Gas Sales and Purchase							25
	Contracts	1 154 88	120	—	8 42	8 42	—	26
	Other Gas Sales and Purchase							27
	Contracts	753 88	120	—	6 03	6 03	—	28
	Other Gas Sales and Purchase							29
	Contracts	2 156 00	120	—	15 97	15 97	—	30
	Other Gas Sales and Purchase							31
	Contracts	10 449 51	22	—	290 26	290 26	—	32
	Other Gas Sales and Purchase							33
	Contracts	8 149 99	140	—	53 02	53 02	—	34
	Other Gas Sales and Purchase							35
	Contracts	5 053 13	120	—	40 10	40 10	—	36
	Producing Natural Gas Land							37
	and Gas Rights	Contingent on Production		160 380 02	—	9 533 31	169 913 33	38
	Abandoned Leases			148 900 69	—	6 193 39	155 094 08	39
								40
	Total Page 2, Line 46			10 369 990 00	227 822 16	262 879 76	10 405 047 60	41

*Applied as a reduction of asset account

Detail Of — (A) (B) (C) (D) (E) (F)

Balance Sheet Accounts

Panhandle Eastern Pipe Line Company

Month of December 1941 12E

[fol. 15850] Acc't No.	Title of Account and Description	Total Amount Basis	Months to Run	Balance Beginning of Month	Changes During Month		Balance End of Month	
					Debits	Credits		
	<u>Reserves</u>							1
254	<u>Uncollectible Accounts</u>							2
	Total Page 2, Line 47			37 019 88	—	600 00	37 619 88	3
								4
256	<u>Injuries and Damages</u>							5
	Total Page 2, Line 48			89 123 74		1 000 00	90 123 74	6
								7
258	<u>Other Reserves</u>							8
	Undetermined or Disputed							9
	Income Taxes							10
	Total Page 2, Line 49			624 800 94	—	—	624 800 94	11
								12
	Contributions In Aid Of Construction							13
265	<u>Contributions in Aid of Construction</u>							14
	Total Page 2, Line 54			35 801 06	—	—	35 801 06	15
								16
								17
								18
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Acct No.	Description	Current Month		Months To Date		Twelve Months To Date		
		This Year	Last Year	This Year	Last Year	This Year	Last Year	
	Taxes—Federal							1
	Income	181 106 77	179 000 00			1 650 000 00	1 400 000 00	2
	Excess Profits	99 774 72	99 000 00			900 000 00	560 000 00	3
	Total Federal Income and Excess Profits Taxes	280 881 49	278 000 00			2 550 000 00	1 960 000 00	4 5 6
	Charges In Lieu Of Taxes							7
	Federal Income					341 106 77	—	8
	Federal Excess Profits					682 774 72	—	9 10
	Total Charges in Lieu of Taxes*					823 881 49*	—	11 12
	Total Page 3, Lines 12 and 13, 54 and 55	280 881 49	278 000 00			3 373 881 49	1 960 000 00	13 14 15
	Taxes—Other							16
	Ad valorem	35 588 57	*19 807 67			475 274 84	419 063 58	17
	Gross Production, Receipts, etc.	227 15	1 762 31			51 355 54	22 513 69	18 19
	Franchise					6 542 44	*15 540 76	20
	State Income	*9 000 00	*10 000 00			35 000 00	45 925 77	21
	Unemployment Compensation States	65 19	*1 890 64			19 539 19	22 647 60	22
	Federal Capital Stock	9 700 00	5 950 00			100 700 00	71 400 00	23
	Federal Excise—Old Age Benefits	299 69	*781 81			9 720 03	8 244 15	24
	Federal Excise—Unemployment Insurance	102 85	*230 89			2 976 35	2 533 71	25 26
	Total Page 3, Lines 14 and 56	40 983 45	*24 998 70			701 108 39	576 787 74	27 28
605-2	Sales To Associated Companies							29 30 31 32 33
	Central Distributing Co.		21 277 86				146 502 78	34
	Illinois Natural Gas Co.	194 761 15	195 094 17			1 890 862 47	1 764 002 01	35 36
	Total Pages 4A and 4C Line 10	194 761 15	216 372 03			1 890 862 47	1 910 504 79	37 38

*Charges in lieu of Federal income and excess profits taxes represent an amount equivalent to income taxes which would have been payable on current earnings if the company had not had the benefit for tax purposes of deductions for discount, premium and expense resulting from the refinancing of long term debt. Such amounts have been credited to unamortized debt discount and expense as a partial offset to the items included therein applicable to the bonds which were retired.

*Indicates red figures.

Detail Of Taxes—Federal Income, Excess
Profits and Other, and Sales
to Associated Companies

(A) (B) (C) (D) (E) (F)
Panhandle Eastern Pipe Line Company

Month of December 1941 14 A

[fol. 15861]

Acc't
No.

Description

Current Month

Months To Date

Twelve Months To Date

This Year

Last Year

This Year

Last Year

This Year

Last Year

	Other Income							1
523	Dividends Revenues—Associated Co.							2
	Illinois Natural Gas Company							3
	Total Page 9, Line 25						56 000 00	4
								5
524-1	Interest on Securities Owned							6
	U. S. Treasury Notes of Tax							7
	Series B—1943	1 100 00				4 400 00		8
	The Southwest Kansas Oil and							9
	Gas Company and The Saturn							10
	Oil and Gas Company:							11
	Notes Receivable	244 10	305 11			3 061 17	3 846 48	12
	Accounts Receivable	786 82	880 11			9 973 78	9 840 16	13
								14
	Total Page 9, Lines 6							15
	and 26	2 130 92	1 185 22			17 434 95	13 186 64	16
								17
524-21	Interest Revenues—Associated Companies							18
	Central Distributing Company:							19
	Income Demand Note Receivable		3 750 00				15 000 00	20
	Loans Receivable		134 16				1 864 99	21
								22
	Total Page 9, Lines 7							23
	and 27		3 884 16				16 864 99	24
								25
524-22	Interest Revenues—Other							26
	Central Distributing Company:							27
	Note					1,000 00		28
	Loan					100 00		29
	Refunded Texas Franchise							30
	Taxes paid under protest							31
	years 1937 and 1938						69 55	32
								33
	Total Page 9, Line 28					1 100 00	69 55	34
								35
	Total Page 9, Lines 12							36
	and 32	2 130 92	5 069 38			18 534 95	86 121 18	37
								38
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Detail Of Other Income

Panhandle Eastern Pipe Line Company

Month of December 1941. 14 B

[fol. 15862]

Acc't No.	Description	Current Month		Months To Date		Twelve Months To Date	
		This Year	Last Year	This Year	Last Year	This Year	Last Year
	Other Deductions						
530	Interest on Long-Term Debt						
	First Mortgage and First Lien Bond						
	Series A, 4%, due March 1, 1952	—	75 000 00			159 334 22	903 333 32
	First Mortgage and First Lien Bond						
	Series A, due Serially	10 364 59	—			113 319 43	—
	First Mortgage and First Lien 3% Bonds						
	Series B, due November 1, 1960	30 000 00	—			328 000 00	—
	Serial Notes, Series A, B, C, and						
	D, due Serially	4 687 50	—			51 250 00	—
	Total Page 9, Lines 39 and 57	45 052 09	75 000 00			651 903 65	903 333 32
531	Amortization Debt Discount Expense						
	Twenty-Year Sinking Fund						
	Mortgage Bonds, Series A, 6%						
	due October 1, 1951 (Redeemed						
	March 1, 1937)	—	7 680 15			8 192 16	92 161 80
	First Mortgage and First Lien						
	Bonds, Series A, 4%, due March						
	1952 (Redeemed March 5, 1941)	—	18 088 62			19 294 54	217 867 44
	Total Page 9, Lines 40 and 58	—	25 768 77			27 486 70	310 029 24
533	Taxes Assumed on Interest						
	Total Page 9, Lines 41 and 59	211 20	120 53			1 614 71	1 001 02
535	Other Interest Charges						
	Income Tax—State	—	—			45 44	250 30
	Income Tax—Federal	—	688 70			4 298 42	756 63
	Capital Stock Tax—Federal	—	—			—	660 00
	Total Page 9, Lines 43 and 61	—	688 70			4 343 86	1 666 93
	Total Page 9, Lines 44 and 62	45 263 29	101 578 00			685 348 92	1 216 030 51

Detail Of Other Deductions

(A) (B) (C)
Panhandle Eastern Pipe Line Company(D) (E) (F)
Month of December 1941 14 C.

Panhandle Eastern Pipe Line Company

Gas Expenses 15
Month of December 1941

12 Months To Date			Production	Current Month			
This Year	Last Year	Acc't No.		This Year	Last Year		
Operation							
21 421 78	19 248 79	733-1	Supervision & Engineering	-Labor	3 076 04	1 754 82	1
2 932 41	2 556 84	733-2	"	-S. & E.	329 65	150 15	2
6 062 97	6 631 74	734-1	Gas Well	-Labor	488 56	431 21	3
5 450 42	6 382 74	735-1	"	-S. & E.	443 26	652 59	4
12 559 39	11 634 85	734-2	Field Lines	-Labor	2 027 00	1 243 94	5
5 191 97	4 088 34	735-2	"	-S. & E.	598 10	544 27	6
46 00		734-31	Field Compressor Station	-Labor	46 00		7
40 21		735-31	"	-S. & E.	40 21		8
11 525 85	12 583 54	734-32	Field Measuring Station	-Labor	1 589 34	1 086 57	9
4 042 30	4 326 40	735-32	"	-S. & E.	377 76	404 83	10
5 626 01	5 214 20	734-41	Other production	-Labor	885 04	488 22	11
2 433 31	2 214 75	735-41	"	-S. & E.	193 27	222 81	12
5 513 70	6 278 98	734-42	Land Department	-Labor	734 75	428 58	13
5 221 31	2 642 54	735-42	"	-S. & E.	365 68	144 81	14
171 043 82	143 341 99	745	Gas Well Royalties		18 400 03	14 457 86	15
400 09	325 00	746	Natural Gas Rents		36 75	30 00	16
116 780 63	101 344 57	510	Delay Rentals		8 591 28	7 617 10	17
							18
							19
376 292 17	328 814 97	Total Operation			38 222 71	29 657 76	20
Maintenance							21
6 633 64	3 236 38	739-1	Supervision & Engineering	-Labor	530 12	330 42	22
903 73	418 31	739-2	"	-S. & E.	72 18	30 41	23
		740-211	Field Compressor Station Struct.	-Labor			24
		740-212	"	-S. & E.			25
120 18	365 04	740-221	Field Measuring Station Struct.	-Labor			26
90 17	263 18	740-222	"	-S. & E.		5 05	27
1 491 67	981 21	740-31	Other Prod. System Struct.	-Labor	358 01	118 40	28
805 75	624 35	740-32	"	-S. & E.	110 02	43 36	29
2 476 52	3 051 35	741-1	Producing Gas Well Equip.	-Labor	127 03	400 72	30
4 323 89	7 416 43	741-2	"	-S. & E.	403 71	2 151 93	31
4 546 34	1 863 45	742-11	Field Lines	-Labor	239 55	202 33	32
3 481 14	1 977 05	742-12	"	-S. & E.	276 94	176 32	33
		742-211	Field Compressor Station Equip.	-Labor			34
8 50		742-212	"	-S. & E.	8 50		35
1 107 79	1 055 05	742-221	Field Measuring Station Equip.	-Labor	126 80	77 31	36
757 38	780 79	742-222	"	-S. & E.	66 02	62 97	37
35 08		743-1	Drilling & Cleaning Equip.	-Labor			38
276 64	36 08	743-2	"	-S. & E.			39
54 59	13 91	744-1	Other Natural Gas Property	-Labor	54 59		40
10 08	69 10	744-2	"	-S. & E.			41
							42
27 123 09	22 181 71	Total Maintenance			2 373 47	3 599 22	43
403 415 26	350 996 68	Total Production Expenses — Gas			40 596 18	33 256 98	44
30 059 021	26 578 757	Total MCF Produced			3 177 779	2 626 658	45
1 34c	1 32c	Average Cost Per MCF			1 28c	1 27c	46
Gas Purchased							47
Operation							48
1 180 917 63	1 090 106 83	754-11	Gas Purchased—Associated Companies				49
11 539 35	12 211 56	754-12	" — Others		115 996 43	117 754 74	50
4 530 41	4 458 27	755-1	Purchased Gas Exp. — Measurement	-Labor	1 288 45	1 042 19	51
4 367 59	5 716 85	755-2	"	-S. & E.	513 80	398 02	52
2 273 29	2 532 56	755-3	Purchased Gas Exp. — Other	-Labor	365 55	427 65	53
		755-4	"	-S. & E.	150 55	106 94	54
1 203 628 27	1 115 026 07	Total Operation			118 314 78	119 889 54	55
Maintenance							56
1 512 91	2 222 75	755-5	Purchase Measuring Station	-Labor	88 06	195 33	57
1 046 70	1 611 88	755-6	"	-S. & E.	41 23	147 98	58
2 559 61	3 834 63	Total Maintenance			129 30	343 31	59

		Acct No.	Production	Current Month			
This Year	Last Year			This Year	Last Year		
Operation							
21 421 78	19 248 79	733-1	Supervision & Engineering	-Labor	3 076 04	1 754 82	1
2 932 41	2 556 84	733-2	"	-S. & E.	329 65	150 15	2
6 062 97	6 631 74	734-1	Gas Well	-Labor	488 56	431 21	3
5 450 42	6 382 74	735-1	"	-S. & E.	443 26	652 59	4
12 559 39	11 634 85	734-2	Field Lines	-Labor	2 027 00	1 243 94	5
5 191 97	4 088 34	735-2	"	-S. & E.	598 10	544 27	6
46 00		734-31	Field Compressor Station	-Labor	46 00		7
40 21		735-31	"	-S. & E.	40 21		8
11 525 86	12 583 54	734-32	Field Measuring Station	-Labor	1 589 34	1 086 57	9
4 042 30	4 326 10	735-32	"	-S. & E.	377 75	404 83	10
5 626 01	5 214 20	734-41	Other production	-Labor	885 04	488 22	11
2 433 31	2 214 75	735-41	"	-S. & E.	193 27	222 81	12
5 513 70	6 278 98	734-42	Land Department	-Labor	734 75	428 58	13
5 221 31	2 692 54	735-42	"	-S. & E.	365 68	144 81	14
171 043 82	143 341 99	745	Gas Well Royalties		18 400 03	14 457 86	15
400 09	325 00	746	Natural Gas Rents		36 75	30 00	16
116 780 00	101 344 57	510	Delay Rentals		8 591 28	7 617 10	17
							18
							19
376 292 17	328 814 97		Total Operation		38 222 71	29 657 76	20
Maintenance							
6 633 64	3 236 38	739-1	Supervision & Engineering	-Labor	530 12	330 42	21
903 73	448 34	739-2	"	-S. & E.	72 18	30 41	22
		740-211	Field Compressor Station Struct.	-Labor			23
		740-212	"	-S. & E.			24
120 18	365 04	740-221	Field Measuring Station Struct.	-Labor			25
90 17	263 18	740-222	"	-S. & E.		5 05	26
1 491 67	981 21	740-31	Other Prod. System Struct.	-Labor	358 01	118 40	27
805 75	624 35	740-32	"	-S. & E.	110 02	43 36	28
2 476 52	3 051 35	741-1	Producing Gas Well Equip.	-Labor	127 03	400 72	29
4 323 89	7 416 43	741-2	"	-S. & E.	403 71	2 151 93	30
4 546 34	1 863 45	742-11	Field Lines	-Labor	239 55	202 33	31
3 481 14	1 977 05	742-12	"	-S. & E.	276 94	176 32	32
		742-211	Field Compressor Station Equip.	-Labor			33
8 50		742-212	"	-S. & E.	8 50		34
1 107 79	1 055 05	742-221	Field Measuring Station Equip.	-Labor	126 80	77 31	35
757 38	780 79	742-222	"	-S. & E.	66 02	62 97	36
35 08		743-1	Drilling & Cleaning Equip.	-Labor			37
276 64	36 08	743-2	"	-S. & E.			38
54 59	13 91	744-1	Other Natural Gas Property	-Labor	54 59		39
10 08	69 10	744-2	"	-S. & E.			40
							41
							42
27 123 09	22 181 71		Total Maintenance		2 373 47	3 599 22	43
403 415 26	350 996 68		Total Production Expenses - Gas		40 596 18	33 256 98	44
30 059 021	26 578 757		Total MCF Produced		3 177 779	2 626 658	45
1 34c	1 32c		Average Cost Per MCF		1 28c	1 27c	46
Gas Purchased							
Operation							
		754-11	Gas Purchased—Associated Companies				47
1 180 917 63	1 090 106 83	754-12	" — Others		115 996 43	117 754 74	48
11 539 35	12 211 56	755-1	Purchased Gas Exp. — Measurement	-Labor	1 288 45	1 042 19	49
4 530 41	4 458 27	755-2	" " " "	-S. & E.	513 80	398 02	50
4 367 59	5 716 85	755-3	Purchased Gas Exp. — Other	-Labor	365 55	427 65	51
2 273 29	2 532 56	755-4	" " " "	-S. & E.	150 55	266 94	52
							53
1 203 628 27	1 115 026 07		Total Operation		118 314 78	119 889 54	54
Maintenance							
1 512 91	2 222 75	755-5	Purchase Measuring Station	-Labor	88 06	195 33	55
1 046 70	1 611 88	755-6	"	-S. & E.	41 23	147 98	56
							57
2 559 61	3 834 63		Total Maintenance		129 29	343 31	58
1 206 187 88	1 118 860 79		Total Gas Purchased		118 444 07	120 232 85	59
30 137 409	27 537 768		Total MCF Purchased		2 946 920	2 974 860	60
4 00c	4 06c		Average Cost Per MCF		4 02c	4 04c	61
(A)	(B)			(C)	(D)		62
							63

12 Months To Date.					Current Month			
This Year	Last Year	Acc't No.	Transmission		This Year	Last Year		
Operation								
68 177 16	57 489 24	758-1	Supervision & Engineering	-Labor	9 566 97	4 956 63	1	
15 624 54	13 454 57	758-2	"	-S. & E.	1 175 86	1 223 72	2	
312 647 90	262 016 06	759-111	Pumping Station	-Labor	43 468 44	22 696 41	3	
77 845 07	64 960 67	759-1211	"	-S. & E.	7 231 04	6 503 98	4	
506 367 60	475 604 25	759-1212	"	-Power	60 403 05	52 347 00	5	
10 027 83	9 990 49	759-1121	Measuring Station	-Labor	1 392 35	724 23	6	
6 156 61	6 144 86	759-1221	"	-S. & E.	462 91	706 09	7	
4 774 58	5 700 09	759-1122	Regulator Station	-Labor	504 34	641 65	8	
2 173 66	1 803 40	759-1222	"	-S. & E.	206 34	327 24	9	
68 988 51	53 889 00	759-211	Transmission Mains	-Labor	13 566 49	4 629 56	10	
38 133 05	31 077 08	759-221	"	-S. & E.	3 829 94	3 790 15	11	
9 951 07	6 998 88	759-212	Other Transmission System	-Labor	544 96	872 01	12	
9 687 80	4 470 16	759-222	"	-S. & E.	1 035 17	780 98	13	
6 545 11	5 863 00	763	Rents		429 25	179 54	14	
								15
								16
								17
1 137 100 49	999 461 75	Total Operation			143 817 11	100 279 19	18	
Maintenance								19
27 213 53	24 566 21	760-1	Supervision & Engineering	-Labor	2 260 90	2 192 26	20	
6 696 28	5 781 82	760-2	"	-S. & E.	507 50	459 67	21	
11 637 61	10 348 47	761-11	Pumping Station Structures	-Labor	581 78	747 31	22	
8 042 05	5 732 58	761-12	"	-S. & E.	188 03	243 76	23	
762 95	515 57	761-211	Measuring Station	-Labor	33 36	115 91	24	
509 55	589 68	761-221	"	-S. & E.	11 62	27 26	25	
356 48	249 51	761-212	Regulator Station	-Labor	59 57	36 66	26	
275 70	376 01	761-222	"	-S. & E.	34 31	16 93	27	
1 154 52	1 485 45	761-31	Other Transmission System Structures	-Labor	319 18	190 32	28	
1 266 17	846 28	761-32	"	-S. & E.	16 09	253 03	29	
34 577 32	20 822 92	762-11	Transmission Mains	-Labor	1 900 74	1 230 85	30	
34 293 37	10 805 65	762-12	"	-S. & E.	13 051 94	663 60	31	
67 176 64	60 178 41	762-211	Pumping Station Equipment	-Labor	4 054 56	3 465 07	32	
64 688 69	56 047 32	762-212	"	-S. & E.	3 738 46	10 153 49	33	
3 471 52	3 462 00	762-2211	Measuring Station Equipment	-Labor	346 56	249 61	34	
2 423 52	3 439 58	762-2221	"	-S. & E.	249 79	312 34	35	
1 983 28	838 71	762-2212	Regulator Station Equipment	-Labor	210 82	134 47	36	
1 495 66	1 120 05	762-2222	"	-S. & E.	399 33	250 72	37	
2 378 76	2 353 86	762-231	Other Trans. System Equipment	-Labor	566 77	97 21	38	
3 020 90	2 424 60	762-232	"	-S. & E.	251 46	103 09	39	
								40
273 424 50	211 984 75	Total Maintenance			28 782 77	20 943 56	41	
1 410 524 99	1 211 446 50	Total Transmission Expenses			172 599 88	121 222 75	42	
Distribution								43
Operation								44
		765-1	Supervision & Engineering	-Labor			45	
		765-2	"	-S. & E.			46	
		766-2	Other Distribution Office	-S. & E.			47	
		767-1	Distribution Lines	-Labor			48	
		767-2	"	-S. & E.			49	
		768-11	Removing & Resetting Meters	-Labor			50	
		768-12	"	-S. & E.			51	
		768-21	Miscellaneous Meter Expense	-Labor			52	
		768-22	"	-S. & E.			53	
		769-1	Services On Customers Premises	-Labor			54	
		769-2	"	-S. & E.			55	
		776	Rents				56	
								57
								58
								59
								60
								61
								62
Total Operation								63
(B)					(C)	(D)		

Month of December 1941

12 Months To Date		Acct No.	Distribution	Current Month		
This Year	Last Year			This Year	Last Year	
			Maintenance			1
		771-1	Supervision & Engineering	—Labor		2
		771-2	"	—S. & E.		3
		772-1	Structures & Improvements	—Labor		4
		772-2	"	—S. & E.		5
		773-11	Mains	—Labor		6
		773-12	"	—S. & E.		7
		773-31	Services	—Labor		8
		773-32	"	—S. & E.		9
		773-4	Meters	—Labor		10
		773-42	"	—S. & E.		11
		773-51	House Regulators	—Labor		12
		773-52	"	—S. & E.		13
		775-1	Other Distribution Equipment	—Labor		14
		775-2	"	—S. & E.		15
						16
						17
						18
						19
						20
						21
						22
			Total Maintenance			23
			Total Distribution Expenses			24
						25
			Customers' Accounting & Collecting			26
		779-1	Supervision	—Salaries		27
		779-2	"	—S. & E.		28
		780-11	Customers' Contracts & Orders	—Labor		29
		780-12	"	—S. & E.		30
2 944 11	2 690 89	780-31	Meter Reading	—Labor	243 22	31
812 85	705 63	780-32	"	—S. & E.	80 29	32
		780-41	Collecting	—Labor		33
	5 71	780-42	"	—S. & E.		34
4 185 37	3 045 60	781-1	Customers' Billing & Acct'g	—Labor	532 37	35
*405 80	25 04	781-2	"	—S. & E.	*41 22	36
		782	Miscellaneous Expenses			37
7 200 00	7 200 00	783	Uncollectible Accounts		600 00	38
		784	Rents			39
						40
						41
						42
						43
						44
						45
						46
14 736 53	13 672 87		Total Customers' Accounting & Collecting	1 414 66	1 263 57	47
						48
			Sales Promotion			49
6 290 61	5 118 12	785-1	Supervision	—Salaries	823 88	50
1 041 57	1 000 96	785-2	"	—S. & E.	8 26	51
3 287 36	3 448 65	786-1	Industrial Engineers	—Salaries	361 20	52
1 699 00	2 131 55	786-2	"	—S. & E.	30 42	53
5 00	10 00	787-2	Advertising			54
193 81	45 10	787-3	Miscellaneous Sales Expenses		60 20	55
						56
						57
						58
						59

This Year	Last Year	Acct No.	Distribution		This Year	Last Year	
			Maintenance				1
		771-1	Supervision & Engineering	—Labor			2
		771-2	"	—S. & E.			3
		772-1	Structures & Improvements	—Labor			4
		772-2	"	—S. & E.			5
		773-11	Mains	—Labor			6
		773-12	"	—S. & E.			7
		773-31	Services	—Labor			8
		773-32	"	—S. & E.			9
		773-41	Meters	—Labor			10
		773-42	"	—S. & E.			11
		773-51	House Regulators	—Labor			12
		773-52	"	—S. & E.			13
		775-1	Other Distribution Equipment	—Labor			14
		775-2	"	—S. & E.			15
							16
							17
							18
							19
							20
							21
							22
			Total Maintenance				23
			Total Distribution Expenses				24
							25
			Customers' Accounting & Collecting				26
		779-1	Supervision	—Salaries			27
		779-2	"	—S. & E.			28
		780-11	Customers' Contracts & Orders	—Labor			29
		780-12	"	—S. & E.			30
2 944 11	2 690 89	780-31	Meter Reading	—Labor	243 22	270 10	31
812 85	705 63	780-32	"	—S. & E.	80 29	80 67	32
		780-41	Collecting	—Labor			33
	5 71	780-42	"	—S. & E.			34
4 185 37	3 045 60	781-1	Customers' Billing & Acct'g	—Labor	532 37	314 10	35
*405 80	25 04	781-2	"	—S. & E.	*41 22	*1 30	36
		782	Miscellaneous Expenses				37
7 200 00	7 200 00	783	Uncollectible Accounts		600 00	600 00	38
		784	Rents				39
							40
							41
							42
							43
							44
							45
							46
14 736 53	13 672 87		Total Customers' Accounting & Collecting		1 414 66	1 263 57	47
							48
			Sales Promotion				49
6 290 61	5 118 12	785-1	Supervision	—Salaries	823 88	429 15	50
1 041 57	1 000 96	785-2	"	—S. & E.	8 26	17 52	51
3 287 36	3 448 65	786-1	Industrial Engineers	—Salaries	361 20	270 34	52
1 699 00	2 131 55	786-2	"	—S. & E.	30 42	137 17	53
5 00	10 00	787-2	Advertising			10 00	54
193 81	45 10	787-3	Miscellaneous Sales Expenses		60 20		55
							56
							57
							58
							59
							60
							61
							62
12 517 35	11 754 38		Total Sales Promotion Expenses		1 282 96	864 28	63
(A)	(B)				(C)	(D)	

*Indicates red figures.

12 Months To Date		Acc't No.	Administrative & General		Month of December 1941		Current Month	
This Year	Last Year				This Year	Last Year		
			Operation					
79 016 67	71 200 00	790	General Officers	—Salaries	9 650 01	5 933 34		1
18 835 49	12 551 21	791-1	General Law	—Salaries	2 625 76	1 345 84		2
8 619 50	6 761 06	791-2	Rate, Survey and Valuation	—Salaries	1 105 00	592 50		3
112 854 00	92 955 59	791-3	Other General Office Employees	—Salaries	15 384 57	9 424 78		4
12 258 97	17 658 56	792-1	General Officers	—Expense	711 41	2 567 18		5
2 462 88	2 257 47	792-21	General Law	—Expense	93 62	829 60		6
	1 575 33	792-22	Rate, Survey and Valuation	—Expense				7
11 091 93	8 793 55	792-23	Other Gen. Office Employees	—Expense	792 96	1 677 30		8
13 018 63	25 026 43	793-1	General Office Stationery and Printing		1 221 25	17 470 16		9
19 741 13	16 910 98	793-2	General Office Supplies and Expenses		2 181 78	4 475 26		10
21 713 30	18 627 09	795	Special Services		5 460 89	10 994 29		11
51 203 15	75 045 01	796	Special Legal Services		1 865 65	37 637 11		12
		797	Regulatory Commission Expenses					13
11 694 52	10 122 38	798	Insurance — General		1 262 51	903 94		14
11 558 64	10 029 90	799-1	Insurance — Claims for Injuries and Damages		*1 393 40	*8 696 29		15
12 000 00	12 000 00	799-2	Injuries and Damages		1 000 00	1 000 00		16
1 883 87	2 456 33	800-11	Accident Prevention		122 68	376 80		17
7 241 24	6 017 88	800-12	Insurance — Group Life		623 00	537 15		18
2 899 16	2 304 25	800-13	Employees' Welfare Expenses — Other		22 55	22 00		19
171 000 06	165 088 00	800-2	Pensions		14 333 33	77 007 37		20
4 475 71	4 370 93	801-1	Dues, Donations and Subscriptions		651 85	78 60		21
58 698 75	45 395 59	801-2	Other Miscellaneous General Expenses		2 780 23	9 869 27		22
29 519 13	23 244 40	803	Rents		2 483 33	1 935 00		23
		805	Franchise Requirements					24
								25
								26
								27
								28
								29
								30
								31
								32
								33
								34
661 787 73	630 391 94		Total Operation		62 678 98	175 981 20		35
			Maintenance					36
		802-21	General Office Equipment	—Labor				37
1 229 58	2 571 83	802-22	" " "	—S. & E.	6 04	912 57		38
								39
								40
								41
								42
								43
1 229 58	2 571 83		Total Maintenance		6 04	912 57		44
663 017 31	632 963 77		Total Administrative & Gen'l Exp.		62 685 02	176 893 77		45
			Operating Deductions					46
								47
431 490 15	110 392 50	607	Interdepartmental Gas Sales		13 456 20	11 830 80		48
1 096 52	681 16	749-1	Gas Used in Company Buildings		139 45	121 10		49
506 367 60	475 604 25	749-2	Gas Used For Power		60 403 05	52 347 00		50
	1 748 10	749-3	Gas Used in Other Operations					51
6 580 25	28 184 20	749-4	Gas Used in Construction			2 622 75		52
13 200 00	18 000 00	761-2	Joint Transmission Expense Transferred		1 100 00	1 500 00		53
		806	Duplicate Miscellaneous Charges					54
3 570 94	57 380 03	807	Administrative & General Expense Transferred		3 570 94	57 380 03		55
		809	Joint Admstr. & Gen. Exp. Transferred					56
								57
								58
								59
662 305 46	691 990 24		Total Operating Deductions		78 669 44	125 791 68		60
								61
2 743 757 08	2 407 131 74		Total Operation		287 062 56	302 143 86		62
304 336 78	240 572 92		Total Maintenance		31 291 57	25 798 66		63
(A)	(B)				(C)	(D)		

*Indicates Red figures

565

12 Months To Date		Acc't No.	Production		Current Month		
This Year	Last Year				This Year	Last Year	
			Operation				1
2 521 03	2 669 69	5514	Supervision and Engineering	— Labor	401 44	180 37	2
328 03	53 27	5515		— S. & E.	45 00	5 00	3
10 747 52	9 084 83	5516	Extraction Plant Labor		2 123 47	740 20	4
10 868 71	8 730 22	5517	Other Labor		613 97	588 40	5
36 134 25	32 418 30	5518	Fuel — Gas		3 546 75	3 330 30	6
5 048 83	5 274 18	5519	Absorption — Oil		636 45	602 40	7
24 315 24	29 539 51	5520	Other Supplies and Expense		3 449 29	4 568 34	8
95 355 90	77 974 20	5521	Shrinkage — Gas		9 909 45	8 500 50	9
							10
							11
							12
							13
185 319 51	165 744 20		Total Operation		20 725 82	18 515 51	14
			Maintenance				15
314 23	359 27	5522	Supervision and Engineering	— Labor	28 12	27 50	16
		5523		— S. & E.			17
1 218 63	716 04	5524	Structures	— Labor	131 36	90 72	18
520 96	258 89	5525		— S. & E.	89 86	55 07	19
6 812 32	6 915 20	5526	Equipment	— Labor	844 01	599 56	20
8 401 80	6 511 60	5527		— S. & E.	1 148 06	499 39	21
							22
							23
							24
17 267 94	14 761 00		Total Maintenance		2 241 41	1 272 24	25
202 587 45	180 505 20		Total Production Cost		22 967 23	19 787 75	26
202 587 45	180 505 20	5528	Production Transferred to Inventory		22 967 23	19 787 75	27
25 423 109	20 793 278		Total Gallons Produced		2 642 454	2 266 973	28
80¢	87¢		Avg. Cost Per Gallon (Cents)		87¢	87¢	29
240 895	216 122		MCF Fuel		23 645	22 202	30
635 706	519 828		MCF Shrinkage		66 063	56 670	31
			Marketing				32
3 282 48	3 112 50	5529	Salaries and Expense		312 41	319 27	34
		5530	Freight and Hauling				35
76 54	48 83	5531	Other Miscellaneous Expense			39 26	36
							37
							38
							39
							40
3 359 02	3 063 67		Total Marketing Expenses		312 41	358 53	41
			General				42
1 500 00	1 500 00	5550	Other General Office Employees—Sal. and Exp.		125 00	125 00	44
500 00	600 00	5551	General Office Supplies and Expense		50 00	50 00	45
500 00	300 00	5552	General Office Rent		25 00	25 00	46
		5553	Injuries and Damages				47
476 17	439 92	5554	Insurance — General		51 82	36 66	48
733 51	845 92	5555	Insurance — Claims for Injuries and Damages		65 35	61 71	49
288 90	254 00	5556	Insurance — Group Life		24 00	22 00	50
2 973 79	1 740 00	5557	Pensions		200 00	145 00	51
		5558	Dues, Donations and Subscriptions				52
25 00	25 00	5559	Other General Expense				53
							54
							55
6 896 47	5 704 84		Total General Expenses		544 17	465 37	56
10 255 49	8 768 51		Total Mktg. And Gen. Expenses		856 58	823 90	57

2 521 03	2 669 69	5514	Operation							1
328 03	52 27	5515	Supervision and Engineering	—Labor	401 44	180 37				2
10 747 52	9 084 83	5516	"	—S. & E.	45 00	5 00				3
10 868 71	8 730 22	5517	Extraction Plant Labor		2 123 47	740 20				4
36 134 25	32 418 30	5518	Other Labor		613 97	588 40				5
5 048 83	5 274 18	5519	Fuel — Gas		3 546 75	3 330 30				6
24 315 24	29 539 51	5520	Absorption — Oil		636 45	602 40				7
95 355 90	77 974 20	5521	Other Supplies and Expense		3 449 29	4 568 34				8
			Shrinkage — Gas		9 909 45	8 500 50				9
										10
										11
										12
										13
185 319 51	165 744 20		Total Operation		20 725 82	18 515 51				14
			Maintenance							15
314 23	359 27	5522	Supervision and Engineering	—Labor	28 12	27 50				16
		5523	"	—S. & E.						17
1 218 63	716 04	5524	Structures	—Labor	131 36	90 72				18
520 96	258 89	5525	"	—S. & E.	89 86	55 07				19
6 812 32	6 915 20	5526	Equipment	—Labor	844 01	599 56				20
8 401 80	6 511 60	5527	"	—S. & E.	1 148 06	199 39				21
										22
										23
										24
17 267 94	14 761 00		Total Maintenance		2 241 41	1 272 24				25
202 587 45	180 505 20		Total Production Cost		22 967 23	19 787 75				26
202 587 45	180 505 20	5528	Production Transferred to Inventory		22 967 23	19 787 75				27
25 423 109	20 793 278		Total Gallons Produced		2 642 454	2 266 973				28
80¢	87¢		Avg. Cost Per Gallon (Cents)		87¢	87¢				29
240 895	216 122		MCF Fuel		23 645	22 202				30
635 706	519 828		MCF Shrinkage		66 063	56 670				31
			Marketing							32
3 282 48	3 112 50	5529	Salaries and Expense		312 41	319 27				33
		5530	Freight and Hauling							34
76 54	48 83	5531	Other Miscellaneous Expense			39 26				35
										36
										37
										38
										39
										40
3 359 02	3 063 67		Total Marketing Expenses		312 41	358 53				41
			General							42
1 500 00	1 500 00	5550	Other General Office Employees—Sal. and Exp.		125 00	125 00				43
600 00	600 00	5551	General Office Supplies and Expense		50 00	50 00				44
300 00	300 00	5552	General Office Rent		25 00	25 00				45
		5553	Injuries and Damages							46
176 17	439 92	5554	Insurance — General		54 82	36 66				47
733 51	845 92	5555	Insurance — Claims for Injuries and Damages		65 35	61 71				48
288 00	254 00	5556	Insurance — Group Life		24 00	22 00				49
2 973 79	1 740 00	5557	Pensions		200 00	145 00				50
		5558	Dues, Donations and Subscriptions							51
25 00	25 00	5559	Other General Expense							52
										53
										54
										55
6 896 47	5 704 84		Total General Expenses		544 17	465 37				56
10 255 49	8 768 51		Total Mktg. And Gen. Expenses		856 58	823 90				57
										58
										59
										60
										61
										62
										63
(A)	(B)				(C)	(D)				

5688

[fol. 15868]

(Part of Exhibit 208.)

Statistical Report

of

Panhandle Eastern Pipe Line Company
and Subsidiary Companies

For period ended December 31, 1941.

(Signed) T. F. PAXTON,
Assistant Secretary.

Date February 21, 1942.

			Current Month		Months To Date		12 Months To Date		
			This Year	Last Year	This Year	Last Year	This Year	Last Year	
Deliveries	Customers	Current Month							
Retail	This Year	Last Year							1
Residential	152	3 840	1 927	38 631			13 780	278 037	2
Commercial	1	732	59	25 959			531	172 617	3
Industrial	15	13	534 592	391 627			5 358 169	4 039 833	4
Field	5	2	60	54			3 275	62 430	5
									6
									7
									8
Total Retail Sales	173	4 587	536 648	456 271			5 375 755	4 552 917	9
Wholesale									10
Gas Utilities	39	32	5 982 850	5 468 507			58 311 064	51 841 845	11
Others									12
									13
Total Sales To Public	212	4 619	6 519 498	5 924 778			63 686 819	56 394 762	14
Associated Companies									15
									16
									17
									18
Total Sales			6 519 498	5 924 778			63 686 819	56 394 762	19
Miscellaneous Deliveries									20
Company Use, Compressor Stations			402 687	348 980			3 375 784	3 170 695	21
Other Company Use			90 636	97 193			947 071	955 240	22
Free and Other				28				218	23
Exchange Gas Delivered			20 210				33 892	70 099	24
									25
Total Miscellaneous Deliveries			513 533	446 201			4 356 747	4 205 252	26
Total Gas Deliveries			7 033 031	6 370 979			68 043 566	60 600 014	27
Available For Deliveries									28
									29
Produced			3 177 779	2 626 658			30 059 021	26 578 757	30
									31
									32
									33
Total Gas Produced			3 177 779	2 626 658			30 059 021	26 578 757	34
Purchased-Associated Companies									35
									36
Purchased-Others			2 946 920	2 974 860			30 137 409	27 537 768	37
									38
									39
									40
Total Gas Purchased			2 946 920	2 974 860			30 137 409	27 537 768	41
Miscellaneous—Exchange Gas Received			6 732	6 919			78 520	69 412	42
Total Gas Available For Deliveries			6 131 431	5 608 437			60 274 950	54 185 937	43
									44
MCF (14.9#) Total Deliveries			6 860 684	6 220 683			66 363 284	58 727 422	45
" " " Total Available for Deliveries			6 748 188	6 172 512			66 336 729	59 635 475	46
" " " Unaccounted For (Losses in Black)			*112 496	*48 171			*26 555	908 053	47

(A)

(B)

(C)

(D)

(E)

(F)

*Indicates red figures.
Gas Statistics (MCF)

Panhandle Pipe Line Company
And Subsidiary Companies

Month of December 1941 25

		Current Month		Months To Date		12 Months To Date		
		This Year	Last Year	This Year	Last Year	This Year	Last Year	
Deliveries	Customers Current Month							
Retail	This Year Last Year							
Residential	123 63	1 573	788			11 547	6 648	1
Commercial	1 1	59	76			531	641	2
Industrial	12 10	514 529	380 984			5 135 792	3 928 434	3
Field	5 2	60	54			3 275	62 430	4
								5
								6
								7
								8
Total Retail Sales	141 76	516 221	381 902			5 151 145	3 998 153	9
Wholesale								10
Gas Utilities	30 24	5 089 628	4 593 106			49 406 956	43 397 702	11
Others								12
								13
Total Sales To Public	171 100	5 605 849	4 975 008			54 558 101	47 395 855	14
Associated Companies		878 861	919 983			8 879 688	8 840 644	15
								16
								17
								18
Total Sales		6 484 710	5 894 991			63 437 789	56 236 499	19
Miscellaneous Deliveries								20
Company Use, Compressor Stations		402 687	348 980			3 375 784	3 170 695	21
Other Company Use		90 636	97 098			947 071	954 704	22
Free and Other								23
Exchange Gas Delivered		20 210				33 892	79 099	24
								25
Total Miscellaneous Deliveries		512 533	446 078			4 356 747	4 204 498	26
Total Gas Deliveries		6 998 243	6 341 069			67 794 536	60 440 997	27
Available For Deliveries								28
Produced		3 177 779	2 626 658			30 059 021	26 578 757	29
								30
								31
								32
								33
Total Gas Produced		3 177 779	2 626 658			30 059 021	26 578 757	34
Purchased—Associated Companies								35
Purchased—Others		2 946 920	2 974 860			30 137 409	27 537 768	36
								37
								38
								39
								40
Total Gas Purchased		2 946 920	2 974 860			30 137 409	27 537 768	41
Miscellaneous—Exchange Gas Received		6 732	6 919			78 520	69 412	42
Total Gas Available For Deliveries		6 131 431	5 608 437			60 274 950	54 185 937	43
								44
MCF (14.9#) Total Deliveries		6 851 096	6 215 539			66 365 418	58 694 393	45
" " Total Available for Deliveries		6 748 188	6 172 512			66 336 729	59 635 475	46
" " Unaccounted For (Losses in Black)		*102 908	*43 027			*28 689	941 082	47
		(A)	(B)	(C)	(D)	(E)	(F)	

Gas Statistics (MCF)
*Indicates red figures.

Panhandle Eastern Pipe Line Company

Month of December 1941 25

		Current Month		Months To Date		12 Months To Date		
		This Year	Last Year	This Year	Last Year	This Year	Last Year	
Deliveries	Customers Current Month							1
Retail	This Year Last Year							2
Residential	29 22	364	271			2 233	2 091	3
Commercial								4
Industrial	3 3	20 063	10 643			222 377	111 399	5
Field								6
								7
								8
Total Retail Sales	32 25	20 427	10 914			224 610	113 490	9
Wholesale								10
Gas Utilities	9 8	893 222	875 401			8 904 108	8 444 143	11
Others								12
								13
Total Sales To Public	41 33	913 649	886 315			9 128 718	8 557 633	14
Associated Companies								15
								16
								17
								18
Total Sales		913 649	886 315			9 128 718	8 557 633	19
Miscellaneous Deliveries								20
Company Use, Compressor Stations								21
Other Company Use								22
Free and Other								23
Exchange Gas Delivered								24
								25
Total Miscellaneous Deliveries								26
Total Gas Deliveries		913 649	886 315			9 128 718	8 557 633	27
Available For Deliveries								28
Produced								29
								30
								31
								32
								33
Total Gas Produced								34
Purchased—Associated Companies								35
Panhandle Eastern Pipe Line Co.		878 861	853 542			8 879 688	8 377 462	36
Purchased—Others								37
								38
								39
								40
Total Gas Purchased		878 861	853 542			8 879 688	8 377 462	41
Miscellaneous—Exchange Gas Received								42
Total Gas Available For Deliveries		878 861	853 542			8 879 688	8 377 462	43
MCF (14.9) Total Deliveries		888 449	861 622			8 877 654	8 431 492	44
" " Total Available for Deliveries		878 861	853 542			8 879 688	8 377 462	45
" " Unaccounted For (Losses in Black)		*9 588	*8 080			2 134	*54 030	46
		(A)	(B)	(C)	(D)	(E)	(F)	47

Gas Statistics (MCF)

Illinois Natural Gas Company

Month of December 1941

25

*Indicates red figures

	Current Month		Months To Date		12 Months To Date		
	This Year	Last Year	This Year	Last Year	This Year	Last Year	
Deliveries	Customers Current Month						1
Retail	This Year	Last Year					2
Residential	3 755	37 572			269 298		3
Commercial	731	25 883			171 976		4
Industrial							5
Field							6
							7
							8
Total Retail Sales	4 486	63 455			441 274		9
Wholesale							10
Gas Utilities							11
Others							12
							13
Total Sales To Public	4 486	63 455			441 274		14
Associated Companies							15
							16
							17
							18
Total Sales		63 455			441 274		19
Miscellaneous Deliveries							20
Company Use, Compressor Stations							21
Other Company Use		95			536		22
Free and Other		28			218		23
Exchange Gas Delivered							24
							25
Total Miscellaneous Deliveries		123			754		26
Total Gas Deliveries		63 578			442 028		27
Available For Deliveries							28
Produced							29
							30
							31
							32
							33
Total Gas Produced							34
							35
Purchased—Associated Companies							36
Panhandle Eastern Pipe Line Co.		66 441			463 182		37
Purchased—Others							38
							39
							40
Total Gas Purchased		66 441			463 182		41
Miscellaneous—Exchange Gas Received							42
Total Gas Available For Deliveries		66 441			463 182		43
							44
MCF (14.9) Total Deliveries		62 547			439 482		45
" " " Total Available for Deliveries		65 483			460 483		46
" " " Unaccounted For (Losses in Black)		2 936			21 001		47

Gas Statistics—(MCF)

Central Distributing Company

Month of December 1941 25

	No. of Accounts	M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate	
Retail Sales											1
Residential—Main Line											2
Illinois	29	364	240 96	66.20				2 233	1 715 84	76.84	3
Industrial—Main Line											4
Illinois (Quincy)											5
Black White Lime Co.	1	3 047	609 40	20.00				32 517	6 503 40	20.00	6
Marblehead Lime Co.	1										7
Marblehead and Quincy		11 985	2 397 00	20.00				139 130	27 826 00	20.00	8
Menke Stone & Lime Co.	1	5 031	1 006 20	20.00				50 730	10 146 00	20.00	9
Total Industrial	3	20 063	4 012 60	20.00				222 377	44 475 40	20.00	10
Total Retail Sales	32	20 427	4 253 56	20.82				224 610	46 191 24	20.57	11
Gas Utilities—Main Line											12
Illinois											13
Central Illinois Elec. & Gas. Co.	1										14
Lincoln		10 493	2 934 34	27.96				105 921	28 866 98	27.25	15
Central Illinois Light Co.	1										16
Peoria Group											17
Keystone Steel & Wire Co.		177 812	29 316 86	16.49				2 066 051	340 944 99	16.50	18
Other		287 277	79 690 43	27.74				2 964 403	774 323 60	26.12	19
Springfield		89 862	29 267 48	32.57				844 744	266 707 27	31.57	20
Central Illinois Public Serv.	1										21
Canton, Hoopeston, Quincy & Taylorville		93 753	26 657 41	28.43				910 060	255 090 31	28.03	22
Citizens Gas Co.	1										23
Arthur, Atwood, Chrisman, Newman Tuscola and Villa Grove		12 234	4 033 50	32.97				81 040	25 680 74	31.69	24
City of Pittsfield	1										25
Pittsfield		2 916	986 99	33.85				24 146	8 025 25	33.24	26
City of Roodhouse	1										27
Roodhouse		1 792	606 95	33.87				15 016	4 973 99	33.12	28
City of White Hall	1										29
White Hall		1 438	483 93	33.65				11 741	3 866 65	32.93	30
Illinois Iowa Power Co.	1										31
Champaign—Urbana, Clinton, Dan- ville, Decatur and Jacksonville		211 670	59 276 73	28.00				1 848 878	511 904 43	27.69	32
Morton Municipal Gas Co.	1										33
Morton		3 975	1 094 89	27.54				32 108	8 011 29	24.95	34
Total Gas Utilities	9	893 222	234 349 51	26.24				8 904 108	2 228 485 50	25.03	35
Total Sales To Public	41	913 649	238 603 07	26.12				9 128 718	2 274 676 74	24.92	36

Detail of
Gas Statistics (MCF)

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Illinois Natural Gas Company

Month of December 1941 26 A

Deliveries	No. of Accounts	M C F	Amount	Average Rate	MCF	Amount	Average Rate	M C F	Amount	Average Rate	
<u>Retail Sales</u>											1
Residential — Main Line											2
Panhandle Eastern Pipe Line Co.											3
Texas	31	398	237 50	59 67				2 819	4 799 24	63 83	4
Oklahoma	1	19	10 90	57 37				135	82 13	60 84	5
Kansas	61	779	464 70	59 65				5 773	3 712 54	64 31	6
Missouri	28	352	236 27	67 12				2 593	2 014 22	77 68	7
Total	121	1 548	949 37	61 33				11 320	7 608 13	67 21	8
<u>Illinois Natural Gas Co.</u>											9
Illinois	29	364	240 96	66 20				2 233	1 715 84	76 84	10
Total Residential—Main Line	150	1 912	1 190 33	62 26				13 553	9 323 97	68 80	12
Residential—Local Area											13
Panhandle Eastern Pipe Line Co.											14
Kansas	1	11	5 50	50 00				117	58 58	50 07	15
Missouri	1	14	7 57	54 07				110	64 22	58 38	16
Total Residential—Local Area	2	25	13 07	52 28				227	122 80	54 10	17
Total Residential	152	1 937	1 203 40	62 13				13 780	9 446 77	68 55	18
<u>Commercial—Main Line</u>											19
Panhandle Eastern Pipe Line Co.											20
Missouri	1	59	31 60	53 56				531	290 39	54 69	21
<u>Industrial—Main Line</u>											23
Illinois Natural Gas Co.											24
Illinois	3	20 063	4 012 60	20 00				222 377	44 475 40	20 00	25
Panhandle Eastern Pipe Line Co.											27
Kansas	1	18 321	3 007 61	16 42				247 442	40 490 86	16 36	28
Missouri	10	485 053	84 505 79	17 42				4 854 186	819 381 01	16 88	29
Total	11	503 374	87 513 40	17 39				5 101 628	859 871 87	16 85	30
Total Industrial—Main Line	14	523 437	91 526 00	17 49				5 324 005	404 347 27	16 99	31
Industrial—Local Area											32
Panhandle Eastern Pipe Line Co.											33
Missouri	1	11 155	2 396 49	21 48				34 164	6 375 93	18 66	34
Total Industrial	15	534 592	93 922 49	17 57				5 358 169	910 723 20	17 00	35
<u>Field—Main Line</u>											36
Panhandle Eastern Pipe Line Co.											37
Kansas	5	.60	6 00	10 00				3 275	327 50	10 00	38
Total Retail Sales	173	536 648	95 163 49	17 73				5 375 755	920 787 86	17 13	40

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Detail Of
Gas Statistics (MCF)Panhandle Eastern Pipe Line Company
And Subsidiary Companies

Month of December 1941

26A

Deliveries	No. of Accounts	M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate	
Retail											1
Residential—Main Line											2
Texas	31	398	237 50	59.67				2 819	1 799 24	63.83	3
Oklahoma	1	19	10 90	57.37				135	82 13	60.84	4
Kansas	61	779	464 70	59.65				5 773	3 712 54	64.31	5
Missouri	28	352	236 27	67.12				2 593	2 014 22	77.68	6
Total Residential—Main Line	121	1 548	949 37	61.33				11 320	7 608 13	67.21	7
Residential—Local Area											8
Kansas	1	11	5 50	50.00				117	58 58	50.07	9
Missouri	1	14	7 57	54.07				110	64 22	58.38	10
Total Residential—Local Area	2	25	13 07	52.28				227	122 80	54.10	11
Total Residential	123	1 573	962 44	61.18				11 547	7 730 93	66.95	12
Commercial—Main Line											13
Missouri	1	59	31 60	53.56				531	290 39	54.69	14
Industrial—Main Line											15
Kansas											16
Osawatomie State Hospital											17
Osawatomie								40 964	6 554 24	16.00	18
Phillips Petroleum Co.*	1										19
Paola		8 469	1 391 95	16.44				93 816	15 443 66	16.46	20
Sharpe		9 832	1 615 66	16.40				112 662	18 492 96	16.41	21
Total Kansas	1	18 321	3 007 61	16.42				247 442	40 490 86	16.36	22
Missouri											23
Edwards Conley Brick & Tile	1										24
Columbia		1 573	352 12	22.39				27 069	6 001 60	22.17	25
Fayette Brick & Tile	1										26
Fayette		1 935	429 68	22.21				16 289	3 706 24	22.75	27
John Freiling	1										28
Hannibal		133	47 94	36.05				1 383	476 26	34.44	29
Harbison Walker Refractories	1										30
Fulton		44 094	9 423 07	21.37				479 182	103 881 44	21.68	31
Vandalia		74 964	16 008 29	21.35				745 006	161 344 28	21.66	32
Mexico Refractories Co.	1										33
Mexico		63 253	13 510 10	21.36				615 736	133 384 38	21.66	34
North American Refractories											35
Faber								55 203	12 252 66	22.20	36
Phillips Petroleum Co.*	1										37
Harrisonville		5 847	1 264 18	21.62				67 919	12 964 46	19.09	38
Jefferson City		6 196	1 338 65	21.61				72 346	13 751 62	19.05	39
Leeton		5 514	1 193 16	21.64				67 490	12 866 52	19.06	40
The W. J. Small Co., Inc.	1										41
Boonville		251	40 61	16.18				29 449	4 766 75	16.19	42
Liberty		27	10 80	40.00				65 339	10 652 72	16.30	43
Total Missouri Forward	7	203 787	43 618 60					2 242 411	476 078 93		44

*Formerly Phillips Pipe Line Company

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(J)

Detail Of
Gas Statistics (MCF)

Panhandle Eastern Pipe Line Company

Month of December 1941 26 A

[fol. 15876]

Current Month

Months To Date

12 Months To Date

Deliveries	No. of Accounts	M C F	Amount	Average Rate	MCF	Amount	Average Rate	M C F	Amount	Average Rate	
Gas Utilities—Main Lines											1
Illinois Natural Gas Co.											2
Illinois	9	893 222	234 349 51	26.24				8 904 108	2 228 485 50	25.03	3
Panhandle Eastern Pipe Line Co.											4
Texas	1	969	327 75	33.82				8 766	2 938 10	33.52	5
Kansas	3	171 577	14 688 42	8.56				1 233 820	109 996 43	8.92	6
Missouri	9	526 580	119 144 62	22.63				5 192 297	1 071 684 80	20.64	7
Indiana	3	1 697 539	373 327 55	21.99				17 631 087	3 704 538 87	21.01	8
Michigan	2	2 595 379	677 994 84	26.12				24 170 883	6 362 171 62	26.32	9
Ohio	4	25 563	7 097 42	27.76				201 676	52 833 23	26.28	10
Total	22	5 017 607	1 192 580 60	23.77				48 437 938	11 304 163 05	23.34	11
Total Gas Utilities—Main Line	31	5 910 829	1 426 930 11	24.14				57 342 046	13 532 648 55	23.60	12
Gas Utilities—Local Area											14
Panhandle Eastern Pipe Line Co.											15
Kansas	5	31 540	7 335 75	23.26				663 976	139 306 77	20.98	16
Missouri	3	40 481	12 807 90	31.64				305 032	95 520 26	31.31	17
Total Gas Utilities—Local Area	8	72 021	20 143 65	27.97				969 018	234 827 03	24.23	18
Total Gas Utilities	39	5 982 850	1 447 073 76	24.19				58 311 064	13 767 475 58	23.61	19
Total Sales To Public	212	6 519 498	1 542 237 25	23.66				63 686 819	14 688 263 44	23.06	20
Miscellaneous Deliveries											21
Company Use											22
Compressor Stations—Main Line											23
Panhandle Eastern Pipe Line Co.											24
Texas	2	56 696	8 504 40	15.00				495 609	74 341 35	15.00	25
Kansas	5	207 722	31 158 30	15.00				1 691 959	253 793 85	15.00	26
Missouri	2	59 733	8 959 95	15.00				512 467	76 870 05	15.00	27
Illinois	3	73 371	11 005 65	15.00				606 632	90 994 80	15.00	28
Total Compressor Use—Main Line	12	397 522	59 628 30	15.00				3 306 607	496 000 05	15.00	29
Compressor Stations—Local Area											30
Panhandle Eastern Pipe Line Co.											31
Kansas	2	4 986	747 90	15.00				57 685	8 652 75	15.00	32
Missouri	1	179	26 85	15.00				11 432	1 714 80	15.00	33
Total Compressor Use—Local Area	3	5 165	774 75	15.00				69 117	10 367 55	15.00	34
Total Company Use	15	402 687	60 403 05	15.00				3 375 784	506 367 60	15.00	35
Compressor Stations											36
											37
											38
											39
											40
											41
											42
											43
											44
											45

Detail of
Gas Statistics (MCF)Panhandle Eastern Pipe Line Company
And Subsidiary Companies

Month of December 1941 26B

[fol. 15877]

Available For Deliveries	No. of Accounts	Current Month			Months To Date			12 Months To Date			
		M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate	
Purchased—Associated Companies—Main Line											1
Panhandle Eastern Pipe Line Co.		878 861	194 761.15	22.16				8 879 688	1 890 862 47	21.29	2
MCF (14.9¢) Total Deliveries		888 449						8 877 554			3
" " Total Available for Deliveries		878 861						8 879 688			4
" " Unaccounted for*		*9 588						2 134			5
*Losses in Black											6
											7
											8
											9
											10
											11
											12
											13
											14
											15
											16
											17
											18
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Detail Of
Gas Statistics (MCF)

Illinois Natural Gas Company

Month of December 1941 26 B

*Indicates red figures.

Deliveries	No. of Accounts	Current Month			Months To Date			12 Months To Date			
		M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate	
Retail (Cont.)											1
Industrial (Cont.)											2
Total Missouri Forwarded	7	203 787	43 618 60	21 40				2 242 411	476 078 93	21 23	3
United Brick & Tile Co.—Vale								92 770	15 913 56	17 15	4
Universal Atlas Cement Co.	1										5
Hannibal		244 947	33 105 78	13 52				2 197 092	257 773 58	11 73	6
Walsh Refractories Co.	1										7
Vandalia		20 094	4 303 37	21 42				191 825	41 664 59	21 72	8
Wellsville Fire Brick Co.	1										9
Wellsville		16 225	3 478 04	21 44				130 088	27 950 35	21 49	10
Total Missouri	10	485 053	84 505 79	17 42				4 854 186	819 381 01	16 88	11
Total Industrial—Main Line	11	503 374	87 513 40	17 39				5 101 628	859 871 87	16 85	12
Industrial—Local Area											13
United Brick & Tile Co.—Vale	1	11 155	2 396 49	21 48				34 164	6 375 93	18 66	14
Total Industrial	12	514 529	89 909 89	17 47				5 135 792	866 247 80	16 87	15
Field—Main Line											16
Kansas	5	60	6 00	10 00				3 275	327 50	10 00	17
Missouri											18
Total Field	5	60	6 00	10 00				3 275	327 50	10 00	19
Total Retail Sales	141	516 221	90 909 93	17 61				5 151 145	874 596 62	16 98	20
Gas Utilities—Main Line											22
Texas											23
Panhandle Power & Light Co.	1										24
Gruver		969	327 75	33 82				8 766	2 938 10	33 52	25
Kansas											26
American Gas Co.	1										27
Hartford		429	140 61	32 78				3 850	1 237 78	32 15	28
Waverly		395	129 47	32 78				3 908	1 265 52	32 38	29
Williamsburg		194	63 59	32 78				1 952	629 54	32 25	30
Argus Natural Gas Co., Inc.	1										31
Various Towns		154 811	9 295 58	6 00				1 099 777	67 335 40	6 13	32
Central Distributing Co.	1										33
Various Towns (15)		15 748	5 059 17	32 13				121 903	38 746 96	31 79	34
Kansas Gas & Fuel Co.											35
Kincaid and Mildred								2 439	751 23	30 80	36
Total Kansas	3	171 577	14 688 42	8 56				1 233 829	109 996 43	8 92	37
Missouri											38
Bowling Green Gas Co.	1										39
Bowling Green		6 692	2 222 75	33 22				49 838	16 362 79	32 83	40
Central Distributing Co.	1										41
Various Towns		11 506	3 772 46	32 79				95 266	30 840 69	32 37	42
Central West Utility Co.	1										43
Liberty		19 304	6 233 86	32 29				125 415	38 974 72	31 08	44
Citizens Gas Company	1										45
Hannibal		40 912	10 468 37	25 59				346 294	90 047 71	26 00	46
Total Missouri Forward	4	78 414	22 697 44					616 813	176 225 91		47

Detail Of
Gas Statistics (MCF)

Panhandle Eastern Pipe Line Company

Month of December 1941 26B

5709

[fol. 15879]

Current Month

Months To Date

12 Months To Date

Deliveries	No. of Accounts	M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate	
Miscellaneous Deliveries (cont.)											1
Other Company Use											2
Company Buildings—Main Line											3
• Panhandle Eastern Pipe Line Co.											4
Texas	6	277	41 59	15 01				1 947	291 83 ✓	14 99	5
Kansas	10	572	86 00	15 03				4 726	709 68 ✓	15 02	6
Missouri	1	23	3 49	15 17				250	37 33 ✓	14 93	7
Indiana	1	56	8 37	14 95				384	57 68 ✓	15 02	8
Total Company Buildings	18	928	139 45	15 03				7 307	1 096 52	15 01	9
Gasoline Plant—Main Line											10
Panhandle Eastern Pipe Line Co.											11
Kansas	1	89 708	13 456 20	15 00				876 601	131 490 15	15 00	12
Construction											13
Panhandle Eastern Pipe Line Co.											14
Texas	—	—	—	—				57 884	5 788 40 ✓	10 00	15
Oklahoma	—	—	—	—				—	—	—	16
Kansas	2	—	—	—				5 279	791 85 ✓	15 00	17
Missouri	—	—	—	—				—	—	—	18
Illinois	—	—	—	—				—	—	—	19
Total Construction	—	—	—	—				63 163	6 580 25	10 42	20
Total Other Company Use	19	90 636	13 595 65	15 00				947 071	139 166 92	14 89	21
Exchange Gas Delivered—Main Line											22
Panhandle Eastern Pipe Line Co.											23
Missouri	1	20 210	—	—				33 892	—	—	24
Total Miscellaneous Deliveries	35	513 533	—	—				4 356 747	—	—	25
Total Gas Deliveries	247	7 033 031	—	—				68 043 566	—	—	26

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Detail Of
Gas Statistics (MCF)Panhandle Eastern Pipe Line Company
And Subsidiary Companies

Month of December 1941 26 C

[fol. 15880]

Deliveries	Current Month				Months To Date			12 Months to Date		
	No. of Accounts	M C F	Account	Average Rate	MCF	Amount	Average Rate	M C F	Amount	Average Rate
Gas Utilities—Main Line (Cont.)										
Total Missouri Forwarded	4	78 414	22 697 44	—				616 813	176 225 91	—
City of Fulton	1	6 863	2 320 46	33 81				47 830	15 689 68	32 80
Interstate Gas Co.	1									
Harrisonville		5 058	1 837 84	36 34				48 616	14 744 12	30 33
Missouri Edison Co.	1									
Louisiana		9 852	3 167 68	32 15				96 728	28 811 25	29 79
Missouri Power & Light Co.	1									
Regular										
Boonville		17 250						141 696		
Centralia		4 807						49 697		
Excelsior Springs		8 578						71 908		
Jefferson City		44 604						356 089		
Mexico		15 802						128 770		
Moberly		7 830						84 604		
Other Towns (9)		5 677						48 509		
Total Regular		101 548	33 649 56	32 19				881 273	278 504 70	31 60
Industrial										
Boonville Power Plant								171 619	18 794 55	10 95
Jefferson City Power Plant		125 243	15 229 48	12 15				1 408 304	155 695 94	11 06
Mexico Power Plant		9 934	1 231 20	12 39				125 088	14 101 61	11 28
Moberly Power Plant		2 010	269 85	13 43				25 151	3 099 74	12 32
Total Power Plants		137 187	16 721 53	12 19				1 730 142	191 691 84	11 08
A. P. Green		126 930	23 182 83	18 26				1 316 155	210 491 04	18 27
North American Refractories		10 628	1 959 40	18 44				60 414	11 129 55	18 42
Total Industrial		274 745	41 863 76	15 24				3 106 711	443 312 43	14 27
Total Missouri Pr. & Lt. Co.	1	379 293	75 513 32	19 91				3 987 984	721 817 13	18 10
Missouri Utilities Co.	1									
Columbia		47 100	13 607 88	28 81				394 326	114 396 71	29 01
Total Missouri	9	526 580	119 144 62	22 63				5 192 297	1 071 684 80	20 64
Indiana										
Kentucky Natural Gas Corp.	1	478 839	41 219 41	23 05				2 001 912	443 377 18	22 15
Michigan Gas Trans. Corp.	1									
Residential and Commercial										
Shannahan Group		417 041	113 574 88	27 23				3 746 031	952 837 39	25 44
Others (Includes Co. Use & Unaccounted For)		190 795	48 065 39	25 19				1 412 784	363 044 31	25 70
Industrial		887 718	164 826 55	18 37				10 421 513	1 933 314 37	18 55
Total Michigan Gas Trans. Corp.	1	1 495 554	326 466 82	21 83				15 580 331	3 249 196 07	20 85
Richmond Gas Corporation	1	23 146	5 641 32	24 37				48 841	11 965 62	24 50
Total Indiana	3	1 697 539	373 327 55	21 99				17 631 087	3 704 538 87	21 01
Michigan										
Michigan Consolidated Gas Co.	1									
Ann Arbor		40 539	11 274 09	27 81				558 943	93 719 26	26 11
Detroit		2 523 077	659 273 70	26 13				23 698 153	6 241 128 12	26 34
National Utilities Co. of Mich.	1	31 763	7 447 05	23 45				113 787	27 324 24	24 01
Total Michigan	2	2 595 379	677 994 84	26 12				24 170 883	6 362 171 62	26 32

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Detail Of
Gas Statistics (MCF)

Panhandle Eastern Pipe Line Company

Month of December 1941 26C

MICRO CARD 22

TRADE MARK **(R)**

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15822

[fol. 15881]

Current Month

Months To Date

12 Months To Date

Available For Deliveries	No. of Accounts	M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate
<u>Gas Produced</u>										
<u>Panhandle Eastern Pipe Line Co.</u>										
Main Line		3 175 773						30 025 743		
Local Area		2 006						33 278		
Total Gas Produced		3 177 779						30 059 021		
<u>Gas Purchased</u>										
<u>Panhandle Eastern Pipe Line Co.</u>										
Others—Main Line	18	2 869 914	109 800 80	3.83				29 003 767	1 089 923 85	3.76
Others—Local Area	86	77 006	6 195 63	8.05				1 133 642	90 993 78	8.03
Total Gas Purchased	104	2 946 920	115 996 43	3.94				30 137 409	1 180 917 63	3.92
<u>Miscellaneous</u>										
Exchange Gas Received—Main Line Panhandle Eastern Pipe Line Co.	2	6 732						78 520		
Total Gas Available For Deliveries		6 131 431						60 274 950		
MCF (14.9%) Deliveries										
Illinois Natural Gas Co.		888 449						8 877 554		
Panhandle Eastern Pipe Line Co.		5 972 235						57 485 730		
Total Deliveries		6 860 684						66 363 284		
MCF (14.9%) Available for Deliveries										
Illinois Natural Gas Co.		878 861						8 879 688		
Panhandle Eastern Pipe Line Co.		5 869 327						57 457 041		
Total Available For Deliveries		6 748 188						66 336 729		
MCF (14.9%) Unaccounted For*		+112 496						+26 555		

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*Losses in Black

Detail Of
Gas Statistics (MCF)

*Indicates red figures.

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

Month of December 1941 26 D

[fol. 15882]

Deliveries	Current Month				Months To Date			12 Months To Date			
	No. of Accounts	M C F	Amount	Average Rate	MCF	Amount	Average Rate	M C F	Amount	Average Rate	
Miscellaneous Deliveries											1
Company Use											2
Compressor Stations—Main Line											3
Texas											4
Sneed	1	33 153	4 972 95	15.00				346 937	52 040 55	15.00	5
Hansford	1	23 543	3 531 45	15.00				148 672	22 300 80	15.00	6
Total Texas	2	56 696	8 504 40	15.00				495 609	74 341 35	15.00	7
Kansas											8
Liberal	1	51 692	7 753 80	15.00				488 807	73 321 05	15.00	9
Greensburg	1	43 250	6 487 50	15.00				278 118	41 717 70	15.00	10
Haven	1	34 542	5 181 30	15.00				322 000	48 300 00	15.00	11
Olpe	1	43 746	6 561 90	15.00				298 963	44 844 45	15.00	12
Louisburg	1	34 492	5 173 80	15.00				304 071	45 610 65	15.00	13
Total Kansas	5	207 722	31 158 30	15.00				1 691 959	253 793 85	15.00	14
Missouri											15
Houstonia	1	29 684	4 452 60	15.00				231 921	35 238 15	15.00	16
Centralia	1	30 049	4 507 35	15.00				277 546	41 631 90	15.00	17
Total Missouri	2	59 733	8 959 95	15.00				512 467	76 870 05	15.00	18
Illinois											19
Pleasant Hill	1	26 024	3 903 60	15.00				218 151	32 722 65	15.00	20
Glenarm	1	25 382	3 807 30	15.00				225 424	33 813 60	15.00	21
Tuscola	1	21 965	3 294 75	15.00				183 057	24 458 55	15.00	22
Total Illinois	3	73 371	11 005 65	15.00				606 632	90 994 80	15.00	23
Total Compressor Use Main Line	12	397 522	59 628 30	15.00				3 306 667	496 000 05	15.00	24
Compressor Stations—Local Area											26
Kansas											27
Rantoul	1	242	36 30	15.00				3 496	524 40	15.00	28
Wea	1	4 744	711 60	15.00				54 180	8 128 35	15.00	29
Total Kansas	2	4 986	747 90	15.00				57 685	8 652 75	15.00	30
Missouri											31
Dodson	1	179	26 85	15.00				11 432	1 714 80	15.00	32
Total Compressor Use—Local Area	3	5 165	774 75	15.00				69 117	10 367 55	15.00	33
Total Company Use Compressor Stations	15	402 687	60 403 05	15.00				3 375 784	506 367 60	15.00	34
											35
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Detail Of
Gas Statistics (MCF)

Panhandle Eastern Pipe Line Company

Month of December 1941 26E

Current Month

Months To Date

12 Months To Date

Deliveries	No. of Accounts	M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate	
Gas Utilities—Main Line (Cont.)											1
Ohio											2
Central States Natural Gas Co.	1	975	259 87	26 65				10 977	2 852 38	25 99	3
Ohio Gas, Light and Coke Co.	1	20 200	5 682 34	28 13				154 955	41 057 06	26 50	4
Toledo Edison Co.	1	3 356	876 49	26 12				31 557	7 989 31	25 32	5
Western Ohio Public Service Co.	1	1 032	278 72	27 01				3 587	934 48	26 05	6
Total Ohio	4	25 563	7 097 42	27 76				201 076	52 833 23	26 28	7
Total Gas Utilities—Main Line	22	5 017 607	1 192 580 60	23 77				48 437 938	11 304 163 05	23 34	8
Gas Utilities—Local Area											9
Kansas											10
American Pipe Line Co.	1										11
71st Street		3	1 60	20 00				413 662	82 732 42	20 00	12
Central Distributing Co.	1										13
Various Towns (1)		2 206	731 50	33 16				15 193	5 117 10	33 68	14
Gas Service Co.	1										15
Osawatomie		13 835	3 143 65	22 72				126 458	27 176 60	21 49	16
Paola		13 084	2 877 90	22 00				91 346	20 888 80	22 14	17
Rantoul		418	83 60	20 00				3 078	615 60	20 00	18
Louisburg Gas Co.	1										19
Louisburg		1 891	472 75	25 00				10 097	2 524 25	25 00	20
Prairie Pipe Line Co.	1										21
Stanley		103	25 75	25 00				1 142	252 00	22 07	22
Total Kansas	5	31 540	7 335 75	23 26				663 976	139 306 77	20 98	23
Missouri											24
American Pipe Line Co.	1										25
Main Line Domestic		2 700	540 00	20 00				24 835	4 366 98	20 00	26
Central Distributing Co.	1										27
Various Towns (5)		29 631	9 548 51	32 22				218 442	70 438 76	32 25	28
Lee's Summit Gas Co.	1										29
Lee's Summit		8 150	2 719 39	33 37				62 775	20 475 72	32 62	30
Missouri Power & Light Co.											31
Excelsior Springs								1 990	238 80	12 00	32
Total Missouri	3	40 481	12 807 90	31 64				305 042	95 520 26	31 31	33
Total Gas Utilities—Local Area	8	72 021	20 143 65	27 97				969 018	234 827 03	24 23	34
Total Gas Utilities	30	5 089 628	1 212 724 25	23 83				49 406 956	11 538 990 08	23 35	35
Total Sales To Public	171	5 605 849	1 303 634 18	23 25				54 558 101	12 413 586 70	22 75	36
Associated Company—Main Line											37
Illinois Natural Gas Company											38
Illinois	1	878 80	194 761 15	22 16				8 879 688	1 890 862 47	21 29	39
Total Sales	172	6 484 710	1 498 395 33	23 11				63 437 789	14 304 449 17	22 55	40
Cities Service Gas Company											41
											42
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											46
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Detail Of
Gas Statistics (MCF)

Panhandle Eastern Pipe Line Company

Month of December 1941 26 D

[fol. 15884]

Deliveries	Current Month				Months To Date			12 Months To Date			
	No. of Accounts	M C F	Amount	Average Rate	M C F	Amount	Average Rate	M C F	Amount	Average Rate	
Miscellaneous Deliveries (Cont.)											1
Other Company Use—Main Line											2
Company Buildings											3
Texas	6	277	41 59	15.01				1 947	291 83	14.99	4
Kansas	10	572	86 00	15.03				4 726	709 68	15.02	5
Missouri	1	23	3 40	15.17				250	37 33	14.93	6
Indiana	1	56	8 37	14.95				384	57 68	15.02	7
Total—Company Buildings	18	928	139 45	15.03				7 307	1 096 52	15.01	8
Gasoline Plant											9
Kansas	1										10
Fuel		23 645	3 546 75	15.00				240 895	36 134 25	15.00	11
Shrinkage		66 063	9 909 45	15.00				635 706	95 355 90	15.00	12
Total Gasoline Plant	1	89 708	13 456 20	15.00				876 601	131 490 15	15.00	13
Construction											14
Texas		—	—	—				57 884	5 788 40	10.00	15
Oklahoma		—	—	—							16
Kansas		—	—	—				5 279	791 85	15.00	17
Total Construction								63 163	6 580 25	10.42	18
Total Other Company Use	19	90 636	13 595 65	15.00				947 071	139 166 92	14.69	19
Exchange Gas Delivered—Main Line											20
Missouri											21
Cities Service Gas Company	1	20 210						33 892			22
Total Exchange Gas Delivered	1	20 210						33 892			23
Total Miscellaneous Deliveries	35	513 533						4 356 747			24
Total Gas Deliveries	207	6 998 243						67 794 536			25

Detail Of
Gas Statistics (MCF)

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Panhandle Eastern Pipe Line Company

Month of December 1941 26 F

Available For Deliveries	Current Month				Months To Date			12 Months To Date			
	No. of Accounts	M C F	Amount	Average Rate	MCF	Amount	Average Rate	M C F	Amount	Average Rate	
Gas Produced—Main Line											1
Texas		2 293 322						22 708 705			2
Kansas											3
For Main Line		727 640						6 217 261			4
For Argus Natural Gas Co., In		154 811						1 099 777			5
Total Kansas		882 451						7 317 038			6
Total Produced—Main Line		3 175 773						30 025 743			7
Gas Produced—Local Area											8
Kansas		1 922						25 218			9
Missouri		84						8 060			10
Total Produced—Local Area		2 006						33 278			11
Total Gas Produced		3 177 779						30 059 021			12
Gas Purchased											13
Others—Main Line											14
Texas	5	1 675 459	58 008 88	3.46				18 519 753	642 606 50	3.47	15
Oklahoma	1	73 068	2 922 72	4.00				611 175	22 152 12	3.63	16
Kansas	12	1 121 387	48 571 20	4.36				9 872 839	425 165 23	4.31	17
Total Others—Main Line	18	2 869 914	109 800 80	3.83				29 003 767	1 089 923 85	3.76	18
Others—Local Area											19
Kansas	77	75 695	6 090 75	8.05				1 090 005	87 502 82	8.02	20
Missouri	9	1 311	104 88	8.00				43 637	3 490 96	8.00	21
Total Others—Local Area	86	77 006	6 195 63	8.05				1 133 642	90 993 78	8.03	22
Total Gas Purchased	104	2 946 920	115 996 43	3.94				30 137 409	1 180 917 63	3.92	23
Miscellaneous—Exchange Gas Received											24
Kansas											25
Cities Service Gas Co.	1	75						871			26
Missouri											27
Cities Service Gas Co.	1	6 657						77 649			28
Total Exchange Gas Received	2	6 732						78 520			29
Total Gas Available For Deliveries		6 131 431						60 274 950			30
MCF (14.9¢) Deliveries		6 851 096						66 365 418			31
Available for Deliveries		6 748 188						66 336 729			32
Unaccounted for*		*102 908						*28 689			33
											34
											35
											36
											37
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*Losses in Black

*Indicates red figures

Detail Of
Gas Statistics (MCF)

Panhandle Eastern Pipe Line Company

Month of December 1941 26G

Operated Acres

Unoperated Acres

Main Line	This Year	Last Year	Increase or Decrease	This Year	Last Year	Increase or Decrease	
100% Owned							1
Acreage January 1st	49 416 65	46 776 65	2 640 00	179 549 30	185 936 00	*6 386 70	2
Acquired Since January 1st	560 00	80 00	480 00	28 648 74	9 827 40	18 821 34	3
Surrendered " " "				1 200 00	13 654 10	*12 454 10	4
Transferred " " "	1 360 60	2 560 00	*1 199 40	*172 60	*2 560 00	2 387 40	5
Total Acreage	51 337 25	49 416 65	1 920 60	206 825 44	179 549 30	27 276 14	6
50%							7
Acreage January 1st	22 679 41	20 119 41	2 560 00	6 016 50	8 176 50	*2 160 00	8
Acquired Since January 1st	480 00		480 00	240 00	1 440 00	*1 200 00	9
Surrendered " " "				800 00	1 040 00	*240 00	10
Transferred " " "	240 00	2 560 00	*2 320 00	*1 428 00	*2 560 00	1 132 00	11
Total Acreage	23 399 41	22 679 41	720 00	4 028 50	6 016 50	*1 988 00	12
Acreage January 1st							13
Acquired Since January 1st							14
Surrendered " " "							15
Transferred " " "							16
Total Acreage							17
Local Area							18
Acreage January 1st	1 177 95*	2 480 78*	*1 302 83*				19
Acquired Since January 1st							20
Surrendered " " "	45 00	1 302 83	*1 257 83				21
Transferred " " "							22
Total Acreage	1 132 95*	1 177 95*	*45 00				23
Acreage January 1st							24
Acquired Since January 1st							25
Surrendered " " "							26
Transferred " " "							27
Total Acreage							28
Total Main Line and Local Area							29
Acreage January 1st	73 274 01	69 376 84	3 897 17	185 565 80	194 112 50	*8 546 70	30
Acquired Since January 1st	1 040 00	80 00	960 00	28 888 74	11 267 40	17 621 34	31
Surrendered " " "	45 00	1 302 83	*1 257 83	2 000 00	14 694 10	*12 694 10	32
Transferred " " "	1 600 60	5 120 00	*3 519 40	*1 600 60	*5 120 00	3 519 40	33
Total Acreage	75 869 61	73 274 01	2 595 60	210 853 94	185 565 80	25 288 14	34
Acreage By States							35
Kansas	44 233 36*	42 873 36*	1 360 00*	86 424 64	73 124 90	13 299 74	36
Missouri	349 95	394 95	*45 00				37
Oklahoma				88 823 00	76 594 00	12 229 00	38
Texas	31 286 30	30 005 70	1 280 60	35 606 30	35 846 90	*240 60	39
Total Acreage By States	75 869 61	73 274 01	2 595 60	210 853 94	185 565 80	25 288 14	40

*Indicates red figures.

(A)

(B)

(C)

(D)

(E)

(F)

*80 acres partially owned with others—Local Area.

Panhandle Eastern Pipe Line Company

And Subsidiary Companies

Gas Acreage Statistics

Month of December 1941 28

(fol. 15887)

Local Area	Wells Being Drilled	Additions			Deductions				Total Productive Wells
		Wells Completed	Purchased	Total	Dry Holes	Abandoned	Sold	Total	
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	1
January 1st to End of Preceding Month	x x x								2
Current Month									3
									4
									5
Total Productive Wells	x x x								6
Kansas 100% Owned									7
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	13*
January 1st to End of Preceding Month	x x x					2		2	*2
Current Month									10
Total Productive Wells	x x x					2		2	11*
Missouri 100% Owned									12
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	11
January 1st to End of Preceding Month	x x x								13
Current Month							3	3	*3
Total Productive Wells	x x x						3	3	*8
Total Local Area 100% Owned									17
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	24*
January 1st to End of Preceding Month	x x x					2			*2
Current Month							3	3	*3
Total Productive Wells	x x x					2	3	5	19*
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	22
January 1st to End of Preceding Month	x x x								23
Current Month									24
Total Productive Wells	x x x								25
Total Main Line and Local Area									26
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	159*
January 1st to End of Preceding Month	x x x	2		2		2			28
Current Month	1						3	3	29
Total Productive Wells	x x x	2		2		2	3	5	*3
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	156*
January 1st to End of Preceding Month	x x x								31
Current Month									32
Total Productive Wells	x x x								33
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	34
January 1st to End of Preceding Month	x x x								35
Current Month									36
Total Productive Wells	x x x								37
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	38
January 1st to End of Preceding Month	x x x								39
Current Month									40
Total Productive Wells	x x x								41
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	42
January 1st to End of Preceding Month	x x x								43
Current Month									44
Total Productive Wells	x x x								45
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	46
January 1st to End of Preceding Month	x x x								47
Current Month									48
Total Productive Wells	x x x								49

*Indicates red figures

(A)

(B)

(C)

(D)

(E)

(F)

(G)

(H)

(I)

*One Well partially-owned with others—Local Area
Gas Well StatisticsPanhandle Eastern Pipe Line Company
And Subsidiary Companies

Month of December 1941 29B

[fol. 15888]

Main Line	Wells Being Drilled	Additions			Deductions				Total Productive Wells	
		Wells Completed	Purchased	Total	Dry Holes	Abandoned	Sold	Total		
Kansas 100% Owned										1
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	34	2
January 1st to End of Preceding Month	x x x									3
Current Month										4
Total Protective Wells	x x x								34	5
Texas 100% Owned										6
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	55	7
January 1st to End of Preceding Month	x x x	2		2					2	8
Current Month										9
Total Productive Wells	x x x	2		2					57	10
Oklahoma 100% Owned										11
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x		12
January 1st to End of Preceding Month	x x x									13
Current Month	1									14
Total Productive Wells	x x x									15
Total 100% Owned										16
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	89	17
January 1st to End of Preceding Month	x x x	2		2					2	18
Current Month										19
Total Productive Wells	x x x	2		2					91	20
Kansas 50% Owned										21
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	46	22
January 1st to End of Preceding Month	x x x									23
Current Month										24
Total Productive Wells	x x x								46	25
Total Main Line										26
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x	135	27
January 1st to End of Preceding Month	x x x	2		2					2	28
Current Month	1									29
Total Productive Wells	x x x	2		2					137	30
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x		31
January 1st to End of Preceding Month	x x x									32
Current Month										33
Total Productive Wells	x x x									34
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x		35
January 1st to End of Preceding Month	x x x									36
Current Month										37
Total Productive Wells	x x x									38
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x		39
January 1st to End of Preceding Month	x x x									40
Current Month										41
Total Productive Wells	x x x									42
Total Productive Wells January 1st	x x x	x x x x	x x x x	x x x x x	x x x x	x x x x	x x x x	x x x x x		43
January 1st to End of Preceding Month	x x x									44
Current Month										45
Total Productive Wells	x x x									46
Total Productive Wells	x x x									47

(A)

(B)

(C)

(D)

(E)

(F)

(G)

(H)

(I)

Gas Well Statistics

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

Month of December 1941 29A

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period	
		Additions	Retirements		
Undistributed Intangible Fixed Capital					1
200 Organization	116 291 98	*1 119 12		115 172 86	2
203 Miscellaneous Intangible Capital	97 991 71	*33 563 99		64 427 72	3
					4
					5
					6
					7
					8
					9
Production System Property					10
205 Production System Land	299 00			299 00	11
208 Production System Leaseholds	*1 755 852 39	27 291 72	17 366 80	1 765 777 31	12
211 Gas Wells	2 616 722 65	61 238 92	5 112 49	2 672 849 08	13
218 Other Production System Structures	46 426 96	1 709 11	338 92	47 797 15	14
230 Drilling and Cleaning Equipment	20 762 21	*70 88		20 691 46	15
231 Other Production System Equipment	399 08	427 08		826 16	16
209 Production System Rights of Way	561 67	868 96		1 430 63	17
214 Field Measuring Station Structures	1 831 56	1 086 48	6 83	2 911 21	18
228 Gathering Lines	53 529 64	38 563 04	793 22	91 290 76	19
229 Field Measuring Station Equipment	12 087 93	5 527 09	482 87	17 132 15	20
					21
					22
*Operated	\$1 017 993 19				23
Unoperated	747 784 12				24
					25
					26
					27
					28
					29
					30
					31
Transmission System Property					32
235 Transmission System Land	117 014 44	1 644 71	471 53	118 187 62	33
237 Transmission System Rights of Way	1 178 559 98	17 165 17	11 825 26	1 183 896 89	34
238 Compressor Station Structures	1 181 411 39	196 613 98	12 836 50	1 365 188 87	35
239 Transmission Measuring Station Structures	67 680 13	5 939 67	1 303 08	72 316 72	36
240 Other Transmission System Structures	359 500 13	94 327 87	444 65	453 383 35	37
241 Compressor Station Equipment	7 973 438 74	784 508 76	17 749 05	8 740 308 45	38
242 Transmission Measuring Station Equipment	516 872 53	32 782 80	18 066 26	531 589 07	39
243 Transmission Mains	46 481 152 36	372 011 21	297 546 92	46 555 616 65	40
244 Other Transmission System Equipment	12 117 41	619 70	2 839 29	9 897 82	41
244-1 Cathodic Protection Equipment	39 776 44	767 34	4 062 09	36 481 49	42
					43
					44
					45
					46

Amount Carried Forward 62 650 291 76 1 608 429 42 391 248 76 63 867 472 42 47

*Indicates red figures.

(A)

(B)

(C)

(D)

Detail Of
Property, Plant And Equipment
Gas

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

For Period Ended December, 1941 31

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period	
		Additions	Retirements		
Undistributed Intangible Fixed Capital					1
200 Organization					2
203 Miscellaneous Intangible Capital					3
					4
					5
					6
					7
					8
					9
Production System Property					10
205 Production System Land					11
208 Production System Leaseholds					12
211 Gas Wells					13
218 Other Production System Structures					14
230 Drilling and Cleaning Equipment					15
231 Other Production System Equipment					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
Transmission System Property					32
235 Transmission System Land	1 688 34			1 688 34	33
237 Transmission System Rights of Way	158 252 74	12 328 10	63 09	170 517 75	34
238 Compressor Station Structures					35
239 Transmission Measuring Station Structures	7 572 24	3 475 32		11 047 56	36
240 Other Transmission System Structures	6 283 64			6 283 64	37
241 Compressor Station Equipment					38
242 Transmission Measuring Station Equipment	116 153 83	13 774 78	503 85	129 424 76	39
243 Transmission Mains	2 450 885 08	107 125 81	500 03	2 557 492 86	40
244 Other Transmission System Equipment					41
					42
					43
					44
					45
					46
Amount Carried Forward	2 740 835 87	136 704 01	1 084 97	2 876 454 91	47

Detail Of
Property, Plant And Equipment
Gas

(A)
Illinois Natural Gas Company

(B)
(C)
(D)
For Period Ended December 1941 31

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period	
		Additions	Retirements		
Amount Brought Forward	59 874 772 98	1 506 408 52	390 163 79	60 991 017 51	1
Distribution System Property					2
252 Distribution System Rights of Way					3
254 District Regulator Structures					4
255 Other Distribution System Structures					5
256 Gas Receivers and District Regulators					6
257 Distribution Mains					7
258 Services					8
259 Meters					9
260 Meter Installations					10
261 House Regulators					11
262 Other Distribution System Equipment					12
					13
					14
General Property					15
271 Other General Land					16
274 General Office Structures					17
276 General Office Equipment	78 480 47	10 627 33	1 014 70	85 093 16	18
278 General Shop Equipment					19
280 General Garage Equipment	108 097 47	98 325 03	80 403 64	126 018 86	20
281 General Laboratory Equipment	6 550 71			6 550 71	21
282 General Communication Equipment	369 365 07	1 771 91	76 18	371 000 80	22
283 General Tools and Implements	27 711 56	15 747 12	758 50	42 699 88	23
284 Other General Equipment		2 097 05		2 097 05	24
					25
				633 460 40	26
Undistributed Construction Expenditures					27
290 Engineering and Superintendence During Construction					28
291 Law Expenditures During Construction					29
292 Injuries and Damages During Construction					30
293 Interest During Construction					31
294 Taxes During Construction					32
295 Miscellaneous Construction Expenditures					33
					34
					35
Other Undistributed Fixed Capital					36
298 Cost of Fixed Capital Purchased					37
299 Undistributed Fixed Capital	19 730 34			19 730 34	38
					39
					40
Total Property, Plant And Equipment—Gas	60 484 708 40	1 634 916 96	475 417 11	61 644 208 25	41
					42
Construction Work in Progress	673 905 08	1 024 523 95		2 668 429 03	43
Gas Sales and Purchase Contracts	1 465 143 40		293 028 60	1 172 114 80	44
Other Gas Sales and Purchase Contracts	372 006 38	20 004 99	39 114 09	352 897 28	45
					46
Total Property, Plant And Equipment—Gas	62 995 763 26	3 649 445 90	807 559 80	65 837 649 36	47

*Balance after Amortization Reserve (\$1,758,171.60)

Detail Of
Property, Plant And Equipment
Gas

Panhandle Eastern Pipe Line Company For Period Ended December 1941 32

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period	
		Additions	Retirements		
Amount Brought Forward	2 740 835 87	136 704 01	1 084 97	2 876 454 91	1
Distribution System Property					2
252 Distribution System Rights of Way					3
254 District Regulator Structures					4
255 Other Distribution System Structures					5
256 Gas Receivers and District Regulators					6
257 Distribution Mains					7
258 Services					8
259 Meters					9
260 Meter Installations					10
261 House Regulators					11
262 Other Distribution System Equipment					12
					13
					14
General Property					15
271 Other General Land					16
274 General Office Structures					17
276 General Office Equipment	877 23	153 58	30 00	1 000 81	18
278 General Shop Equipment					19
280 General Garage Equipment					20
281 General Laboratory Equipment					21
282 General Communication Equipment					22
283 General Tools and Implements					23
284 Other General Equipment					24
					25
					26
Undistributed Construction Expenditures					27
290 Engineering and Superintendence During Construction					28
291 Law Expenditures During Construction					29
292 Injuries and Damages During Construction					30
293 Interest During Construction					31
294 Taxes During Construction					32
295 Miscellaneous Construction Expenditures					33
					34
					35
Other Undistributed Fixed Capital					36
298 Cost of Fixed Capital Purchased					37
299 Undistributed Fixed Capital					38
					39
					40
Total Property, Plant And Equipment—Gas	2 741 713 10	136 857 59	1 114 97	2 877 455 72	41
					42
Construction Work in Progress	14 907 04	215 757 33		230 664 37	43
					44
					45
					46
Total Property, Plant And Equipment—Gas	2 756 620 14	352 614 92	1 114 97	3 108 120 09	47

Detail Of
Property, Plant And Equipment
Gas

(A) Illinois Natural Gas Company

(B) (C) (D) For Period Ended December 1941 32

Number and Title of Account		Current Year			Balance End of Period	
		Balance First of Year	Additions	Retirements		
	Amount Brought Forward	62 650 291 76	1 608 429 42	391 248 76	63 867 472 42	1
Distribution System Property						
252	Distribution System Rights of Way	634 44	*634 44			2
254	District Regulator Structures	1 033 32	*1 033 32			3
255	Other Distribution System Structures	965 79	*965 79			4
256	Gas Receivers and District Regulators	7 976 42	*7 976 42			5
257	Distribution Mains	315 171 01	*315 171 01			6
258	Services*	51 003 90	*51 003 90			7
259	Meters	56 777 98	*56 777 98			8
260	Meter Installations	5 102 59	*5 102 59			9
261	House Regulators	16 113 72	*16 113 72			10
262	Other Distribution System Equipment	476 36	*476 36			11
General Property						
271	Other General Land					12
274	General Office Structures					13
276	General Office Equipment	80 018 95	10 119 66	4 044 70	86 093 91	14
278	General Shop Equipment					15
280	General Garage Equipment	108 097 47	98 325 03	80 403 64	126 018 86	16
281	General Laboratory Equipment	6 619 88	*69 17		6 550 71	17
282	General Communication Equipment	369 365 07	1 711 91	76 18	371 000 80	18
283	General Tools and Implements	32 591 73	10 866 95	758 80	42 699 88	19
284	Other General Equipment	181 86	1 995 19		2 097 05	20
Undistributed Construction Expenditures						
290	Engineering and Superintendence During Construction					21
291	Law Expenditures During Construction					22
292	Injuries and Damages During Construction					23
293	Interest During Construction					24
294	Taxes During Construction					25
295	Miscellaneous Construction Expenditures					26
Other Undistributed Fixed Capital						
298	Cost of Fixed Capital Purchased					27
299	Undistributed Fixed Capital	19 730 34			19 730 34	28
Total Property, Plant And Equipment—Gas						
		63 722 072 59	1 276 123 46	476 532 08	64 521 663 97	29
Construction Work in Progress						
		688 812 12	2 210 281 28		2 899 093 40	30
	Gas Sales and Purchase Contracts	1 465 143 40		293 028 60	1 172 114 80*	31
	Other Gas Sales and Purchase Contracts	372 006 38	20 004 99	39 114 09	352 897 28	32
Total Property, Plant And Equipment—Gas						
		66 248 034 49	3 506 409 73	808 674 77	68 945 769 45	33
Balance after Amortization of Reserve (\$1,758,171.00)						
	(A)		(B)	(C)	(D)	34

Detail Of
Property, Plant And Equipment
Gas

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

For Period Ended December 1941 32

*Indicates red figures.

[fol. 15894]

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period
		Additions	Retirements	
Undistributed Intangible Fixed Capital				1
703 Miscellaneous Intangible Capital				2
				3
				4
				5
				6
Production System Property				7
725 Extraction Plant Land	3 812 98			8
727 Extraction Plant Structures	53 956 05	63 71		9
729 Extraction Plant Equipment	547 624 30	45 844 20		10
730 Extraction Plant Storage Tanks	45 631 13			11
734 Other Gasoline Production System Equipment	7 330 81			12
				13
				14
				15
				16
				17
				18
Undistributed Construction Expenditures				19
790 Engineering and Superintendence During Construction				20
793 Interest During Construction				21
794 Taxes During Construction				22
795 Miscellaneous Construction Expenditures				23
				24
				25
				26
Total Property, Plant And Equipment—Gasoline	658 355 27	45 907 91		27
				28
				29
				30
				31
Construction Work In Progress				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
(Includes Investment in Dehydration Facilities)				45
				46
Total Property, Plant And Equipment—Gasoline	658 355 27	45 907 91		704 263 18 47
	(A)	(B)	(C)	(D)

Detail Of
Property, Plant And Equipment
Gasoline

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

For Period Ended December 1941 33

Number and Title of Account		Current Year		Balance	
		Balance	Additions	Retirements	Balance
		First of Year			End of Period
Undistributed Intangible Fixed Capital					
200	Organization	115 172 86			115 172 86
203	Miscellaneous Intangible Capital	64 427 72			64 427 72
Production System Property					
205	Production System Land	200 00			200 00
208	Production System Leasehold	1 515 652 70	27 291 72	17 505 00	1 515 439 42
211	Gas Wells	1 614 722 65	61 258 02	1 112 45	1 673 868 22
214	Other Production System Structures	65 426 96	1 500 11	100 00	67 827 07
220	Drilling and Cleaning Equipment	20 512 54	775 00		21 287 54
231	Other Production System Equipment	200 00	427 00		627 00
232	Production System Rights of Way	101 07	600 00		701 07
214	Field Measuring Station Structures	1 321 70	1 000 00	1 00	1 321 70
228	Gathering Lines	15 136 65	20 103 00	710 00	35 529 65
229	Field Measuring Station Equipment	11 007 00	1 027 00	600 00	11 434 00
Separated		1 405 805 13			
Unseparated		745 564 02			
Transmission System Property					
235	Transmission System Land	114 020 15		87 00	114 000 00
237	Transmission System Rights of Way	1 000 000 00	1 000 00	710 00	1 000 290 00
238	Compressor Station Structures	145 000 00	90 000 00	21 000 00	214 000 00
239	Transmission Measuring Station Structures	40 107 00	1 010 00	20 000 00	21 117 00
240	Other Transmission System Structures	100 211 65	30 000 00	500 00	129 711 65
241	Compressor Station Equipment	1 075 000 00	700 000 00	1 100 00	1 673 900 00
242	Transmission Measuring Station Equipment	400 712 91	11 000 00	17 000 00	394 712 91
243	Transmission Masts	88 000 00 00	370 000 00	100 000 00	358 000 00
244	Other Transmission Station Equipment	15 117 00	1 110 00	1 000 00	1 227 00
244	Cathodic Protection Equipment	20 574 00	700 00	1 000 00	20 274 00
Amount Carried Forward		20 075 771 75	200 408 72	200 112 75	20 284 067 72
Total					
Property, Plant and Equipment					
Gas					

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period	
		Additions	Retirements		
Undistributed Intangible Fixed Capital					1
200 Organization	10 018 14			10 018 14	2
203 Miscellaneous Intangible Capital					3
					4
					5
					6
					7
					8
					9
Production System Property					10
205 Production System Land					11
208 Production System Leaseholds					12
211 Gas Wells	3 842 02		731 72	3 110 30	13
218 Other Production System Structures					14
230 Drilling and Cleaning Equipment					15
231 Other Production System Equipment					16
209 Production System Rights of Way	182 58	137 84		320 42	17
214 Field Measuring Station Structures	418 30	282 63	6 83	694 10	18
228 Gathering Lines	14 549 61	9 719 09	485 35	23 783 35	19
229 Field Measuring Station Equipment	5 172 09	2 517 86	415 78	7 274 17	20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
Transmission System Property					32
235 Transmission System Land	1 490 75			1 490 75	33
237 Transmission System Rights of Way	13 670 42	439 00	478 76	13 630 75	34
238 Compressor Station Structures	349 38			349 38	35
239 Transmission Measuring Station Structures	4 129 55	490 57	224 15	4 395 97	36
240 Other Transmission System Structures	5 688 14	497 72		6 185 86	37
241 Compressor Station Equipment	125 971 72	71 99		126 043 71	38
242 Transmission Measuring Station Equipment	46 443 61	4 381 75	5 538 35	45 287 01	39
243 Transmission Mains	1 665 085 38	24 242 68	51 110 63	1 638 217 43	40
244 Other Transmission System Equipment	196 80			196 80	41
					42
					43
					44
					45
					46
Amount Carried Forward	1 897 208 49	42 781 22	58 991 57	1 880 998 14	47

(A)

(B)

(C)

(D)

Detail Of
Property, Plant And Equipment
Gas

Panhandle Eastern Pipe Line Company For Period Ended December 1941 31
Supplemental Information—Other Leaseholds, Well Lines, Compressors, Etc. (Local Area)

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period	
		Additions	Retirements		
Amount Brought Forward:	1 897 208 49	42 781 22	58 991 57	1 880 998 14	1
Distribution System Property					2
253 Distribution System Rights of Way					3
254 District Regulator Structures					4
255 Other Distribution System Structures					5
256 Gas Receivers and District Regulators					6
257 Distribution Mains					7
258 Services					8
259 Meters					9
260 Meter Installations					10
261 House Regulators					11
262 Other Distribution System Equipment					12
					13
					14
General Property					15
271 Other General Land					16
274 General Office Structures					17
276 General Office Equipment					18
278 General Shop Equipment					19
280 General Garage Equipment	502 58	*502 58			20
281 General Laboratory Equipment	2 242 34			2 242 34	21
282 General Communication Equipment					22
283 General Tools and Implements					23
284 Other General Equipment					24
					25
					26
Undistributed Construction Expenditures					27
290 Engineering and Superintendence During Construction					28
291 Law Expenditures During Construction					29
292 Injuries and Damages During Construction					30
293 Interest During Construction					31
294 Taxes During Construction					32
295 Miscellaneous Construction Expenditures					33
					34
					35
Other Undistributed Fixed Capital					36
298 Cost of Fixed Capital Purchased					37
299 Undistributed Fixed Capital	19 730 34			19 730 34	38
					39
					40
Total Property, Plant and Equipment—Gas	1 919 683 75	42 278 64	58 991 57	1 902 970 82	41
					42
Construction Work in Progress					43
					44
					45
					46
Total Property, Plant And Equipment—Gas					47

Detail Of
Property, Plant And Equipment
Gas

(A) (B) (C) (D)

Panhandle Eastern Pipe Line Company For Period Ended December 1941 32
Supplemental Information—Other Leaseholds, Well Lines, Compressors, Etc. (Local Area)

*Indicates red figures.

[fol. 15898]

Number and Title of Account	Balance First of Year	Current Year		Balance End of Period	
		Additions	Retirements		
Undistributed Intangible Fixed Capital					1
703 Miscellaneous Intangible Capital					2
					3
					4
					5
					6
Production System Property					7
725 Extraction Plant Land	3 812 98			3 812 98	8
727 Extraction Plant Structures	53 956 05	63 71		54 019 76	9
729 Extraction Plant Equipment	547 624 30	45 844 20		593 468 50	10
730 Extraction Plant Storage Tanks	45 631 13			45 631 13	11
731 Other Gasoline Production System Equipment	7 330 81			7 330 81	12
					13
					14
					15
					16
					17
					18
Undistributed Construction Expenditures					19
790 Engineering and Superintendence During Construction					20
793 Interest During Construction					21
794 Taxes During Construction					22
795 Miscellaneous Construction Expenditures					23
					24
					25
					26
Total Property, Plant And Equipment—Gasoline	658 355 27	45 907 91		704 263 18	27
					28
					29
					30
Construction Work In Progress					31
					32
					33
					34
					35
					36
					37
					38
					39
					40
					41
					42
					43
					44
(Includes Investment in Dehydration Facilities)					45
					46
Total Property, Plant And Equipment—Gasoline	658 355 27	45 907 91		704 263 18	47
	(A)	(B)	(C)	(D)	

Detail Of
Property, Plant And Equipment
Gasoline

Panhandle Eastern Pipe Line Company

For Period Ended December 1941—33

5748

[fol. 15899]

(Exhibit 209.)

Panhandle Eastern Pipe Line Company

Sixty-One Broadway

New York

March 30, 1936

Detroit City Gas Company.

415 Clifford Street,

Detroit, Michigan.

Dear Sirs:

In order to carry out the Gas Contract between us dated August 31, 1935, we have made arrangements whereby Michigan Gas Transmission Corporation, a subsidiary of Columbia Gas & Electric Corporation, has agreed to construct, own and operate a pipe line extending from the eastern terminus of our existing pipe line adjacent to the Illinois-Indiana state line, to the Place of Delivery specified in said Gas Contract.

There is enclosed for your information a copy of a Gas Contract dated March 17, 1936 between the undersigned and Michigan Gas Transmission Corporation, pursuant to which Michigan Gas Transmission Corporation is to receive from us at the southern end of its pipe line and to deliver to you at the northern end thereof the natural gas which we have agreed to sell to you pursuant to our Gas Contract dated August 31, 1935.

In order to facilitate operations under said Contracts Michigan Gas Transmission Corporation will give to you on our behalf all notices, statements and other communications which we are required or permitted to give to you under said Gas Contract dated August 31, 1935, and you are hereby authorized and requested to give to Michigan Gas Transmission Corporation all notices, statements and other communications which you are required or permitted to give to us thereunder.

You are also authorized and requested to make directly to Michigan Gas Transmission Corporation the payments for monthly deliveries of gas pursuant to Section 1 of Ar-

Article IX of said Gas Contract, subject to the reservation of our right to revoke the authority of Michigan Gas Transmission Corporation to receive payments directly from you, as provided in Section 2 of Article IX of our Gas Contract with Michigan Gas Transmission Corporation dated March 17, 1936.

Will you kindly acknowledge receipt of this notification and advise us that the foregoing provisions relative to [fol. 15900] your dealing directly with Michigan Gas Transmission Corporation are agreeable to you, by signing the confirmation at the foot of the enclosed copy of this letter and returning said copy to the undersigned.

Yours very truly,

PANHANDLE EASTERN PIPE
LINE COMPANY,

By Leith V. Watkins, Secretary.

We hereby acknowledge receipt of the foregoing notification and it is agreeable to us to deal directly with Michigan Gas Transmission Corporation as requested, subject to the reservation of our right to revoke this acceptance at any time.

DETROIT CITY GAS COMPANY,

By Wm. G. Woolfolk, President.

[fol. 15001]

(Exhibit 210.)

Index Numbers Of Wholesale Prices Of

Commodities By Groups

(1926 = 100)

Groups	Aug. 1939	Aug. 1940	Dec. 1940	Mar. 1941	Sept. 20 1941	Mar. 21 1942	Increase	
							Aug. 1939 to	Mar. 21, 1942
All Commodities	75.0	77.4	80.6	81.5	91.5	97.2		29.6
Farm Products	61.0	65.6	69.7	71.6	91.2	103.1		69.0
Foods	67.2	70.1	73.5	75.2	88.5	95.5		42.1
Hides	92.7	96.9	102.3	102.6	111.7	116.6		23.8
Textile Products	67.8	72.3	74.8	78.4	89.2	95.9		41.4
Fuel and Lighting	72.6	71.1	71.7	72.0	80.0	78.2		7.7
Metals and Metal Products	93.2	94.9	97.6	97.7	98.7	103.7		11.3
Building Materials	89.6	93.3	99.3	99.5	106.2	110.4		23.2
Chemicals and Allied Products	74.2	76.7	77.7	79.8	87.8	97.1		30.9
House Furnishings	85.6	88.5	88.9	89.5	98.0	104.1		21.6
Miscellaneous	73.3	76.7	77.3	77.6	85.0	89.7		22.4

Source: United States Department of Labor, Bureau of Labor Statistics.

[fol. 15902]

(Exhibit 211.)

U. S. Department of Labor
Bureau of Labor Statistics
Washington

For Immediate Release
March 26, 1942
(LS 42-844)

Wholesale Prices for Week Ended March 21, 1942

Prices for commodities in primary markets edged fractionally higher during the week ended March 21, largely because of advances in quotations for grains and livestock. The Bureau of Labor Statistics' comprehensive index of nearly 900 price series rose 0.1 percent to the highest point since the Autumn of 1928. At 97.2 percent of the 1926 level the index shows a gain of 0.7 percent over the corresponding week of February and is 19 percent above a year ago.

The index for the farm products group advanced 0.8 percent; miscellaneous commodities, 0.3 percent; and hides and leather products and building materials, 0.2 percent. With lower quotations for fruits and vegetables and for pork, food prices declined 0.3 percent on the average during the week.

Marked increases in prices for livestock, except hogs, together with higher quotations for most grains and for cotton and tobacco brought average prices for farm products in primary markets to the highest level since October 1929. Quotations were lower for barley, rye, and hogs. In the past month, farm product prices have risen 1.2 percent and are nearly 43 percent higher than at this time last year.

A sharp decline for bananas together with lower prices for oranges, eggs, flour and for potatoes, cheese and pork in the Chicago market accounted for the slight decrease in average prices for foods. Higher prices were reported for butter, corn cereals, rice, apples, lemons sweet potatoes, onions, canned corn and beans, for cured beef, mutton and for peanut butter. Notwithstanding the decline, food prices in primary markets are 0.7 percent higher than

for the corresponding week of February. Average prices for cattle feed advanced 4.8 percent during the week.

Minor increases were reported in prices for shoes, luggage and for goatskins. Gasoline quotations in the Mid-continent area continued to drop.

The increase in building materials resulted from higher prices for brick, linseed oil and for maple flooring, red cedar shingles, yellow pine boards and certain types of spruce and white pine lumber. Prices were lower for most types of yellow pine lumber and for turpentine and rosin.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for February 21, 1942 and March 22, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from March 14 to March 21, 1942.

Wholesale Prices For Week Ended March 21, 1942

(1926 = 100)

Commodity groups						Percentage changes to March 21, 1942 from —		
	Mar.	Mar.	Mar.	Feb.	Mar.	Mar.	Feb.	Mar.
	21 1942	14 1942	7 1942	21 1942	22 1941	14 1942	21 1942	22 1941
All Commodities	97.2	97.1	96.9	96.5	81.6	+0.1	+0.7	+19.1
Farm products	103.1	102.3	101.5	101.9	72.3	+0.8	+1.2	+42.6
Foods	95.5	95.8	95.8	94.8	75.6	-0.3	+0.7	+26.3
Hides and leather products	116.6	116.4	116.4	116.1	103.3	+0.2	+0.4	+12.9
Textile products	95.9	95.9	95.1	93.7	78.2	0	+2.3	+22.6
Fuel and lighting materials	78.2	78.2	78.5	78.5	72.5	0	-0.4	+7.9
Metals and metal products	103.7	103.7	103.7	103.6	97.8	0	+0.1	+6.0
Building materials	110.4	110.2	109.9	109.7	99.5	+0.2	+0.6	+11.0
Chemicals and allied products	97.1	97.1	97.1	96.9	80.0	0	+0.2	+21.4
Housefurnishing goods	104.1	104.1	104.1	104.1	90.9	0	0	+14.5
Miscellaneous commodities	89.7	89.4	89.2	89.1	77.5	+0.3	+0.7	+15.7
Raw materials	97.6	97.4	97.1	97.2	75.6	+0.2	+0.4	+29.1
Semimanufactured articles	92.2	92.1	92.0	91.9	83.6	+0.1	+0.8	+10.3
Manufactured products	97.9	97.9	97.7	97.1	84.5	0	+0.8	+15.9
All commodities other than farm products	95.9	95.9	95.9	95.3	83.7	0	+0.6	+14.6
All commodities other than farm products and foods	95.3	95.2	95.1	94.8	85.1	+0.1	+0.5	+12.0

Percentage Changes In Subgroup Indexes From March 14, 1942 To March 21, 1942

Increases

Cattle feed	4.8	Other building materials	0.2
Livestock and poultry	1.2	Shoes	0.1
Grains	1.0	Leather	0.1
Hides and skins	0.6	Other leather products	0.1
Other farm products	0.3	Hosiery and underwear	0.1
Cotton goods	0.2	Brick and tile	0.1
Lumber	0.2	Paint and paint materials	0.1
Mixed fertilizer	0.1		

Decreases

Fruits and vegetables	1.9	Other foods	0.6
Petroleum products	0.7	Dairy products	0.2
Bituminous coal	0.1		

U. S. Department of Labor

3135)

Bureau Of Labor Statistics
WashingtonIndex Numbers Of Wholesale Prices Of All Commodities
By Months, 1890 To 1940
(1926 = 100)

Years	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
1890	54.7	54.8	55.0	55.1	55.6	55.4	55.7	57.8	58.4	58.1	57.1	56.6	56.2
1891	56.1	56.6	57.8	58.2	57.5	55.8	55.5	55.4	54.8	54.6	54.3	53.8	55.8
1892	52.7	52.4	51.6	50.5	50.8	50.7	51.9	52.4	52.5	53.0	54.0	55.0	52.2
1893	56.6	57.2	56.2	55.6	55.0	53.2	51.9	50.3	52.0	52.9	51.2	50.4	53.4
1894	49.6	48.6	47.5	47.3	47.0	47.2	47.5	48.3	49.6	48.2	47.9	47.5	47.9
1895	47.2	46.9	47.2	49.6	50.1	50.4	50.0	49.5	49.0	49.4	49.0	48.3	48.8
1896	48.0	47.5	46.9	46.7	46.0	45.5	45.1	45.1	45.3	46.6	48.1	47.6	46.5
1897	46.7	46.3	46.3	45.8	45.5	45.0	45.3	47.1	48.5	48.1	47.9	48.1	46.6
1898	48.0	48.6	48.8	48.9	51.8	48.3	48.0	48.0	47.8	47.7	48.0	48.3	48.5
1899	48.9	49.7	49.8	50.6	50.7	51.3	51.9	53.0	54.6	55.4	55.8	56.7	52.2
1900	57.0	57.3	57.3	57.2	56.1	55.5	55.8	55.7	56.1	55.3	55.4	55.1	56.1
1901	55.2	54.7	54.8	54.4	54.1	54.1	54.5	55.4	56.1	56.1	56.6	57.7	55.3
1902	56.8	56.7	56.5	57.4	58.3	58.8	59.1	58.0	58.7	63.2	60.7	61.5	58.9
1903	62.6	62.0	60.3	60.0	59.0	59.0	58.6	58.8	59.5	58.7	58.3	58.2	59.6
1904	59.7	60.7	60.5	59.3	58.5	58.4	58.5	59.2	59.8	59.9	60.7	61.1	59.7
1905	60.6	61.0	60.3	60.4	59.3	59.3	59.4	60.1	59.6	59.9	60.1	61.0	60.1
1906	61.1	60.8	60.6	61.1	61.3	61.3	59.7	61.2	61.7	62.8	63.6	64.3	61.8
1907	64.0	64.9	64.3	64.5	65.6	66.1	66.1	66.1	66.5	66.9	64.6	63.2	65.2
1908	62.3	61.4	61.8	62.2	62.2	62.6	63.1	63.0	63.3	63.5	64.1	64.8	62.9
1909	64.6	64.9	65.2	66.2	67.3	67.8	67.9	68.2	68.9	70.2	70.9	71.6	67.6
1910	71.4	71.3	72.9	73.2	72.0	71.0	71.0	70.8	69.9	67.9	66.4	66.6	70.4
1911	66.1	64.4	64.7	63.3	63.0	63.0	63.9	65.5	66.1	66.2	65.9	65.3	64.9
1912	66.0	66.7	67.5	69.7	70.0	69.0	68.9	69.7	70.5	70.8	70.2	70.1	69.1
1913	70.3	69.8	69.9	69.7	68.9	69.0	69.5	69.7	70.6	70.4	70.1	69.1	69.8
1914	68.6	68.3	68.0	67.6	67.4	67.4	67.3	69.6	70.2	68.0	67.5	67.3	68.1
1915	68.1	68.6	68.2	68.5	69.0	68.3	69.3	68.6	68.3	70.2	71.7	74.0	69.5
1916	77.0	78.5	80.4	81.7	82.5	82.9	83.4	85.1	86.9	91.1	97.4	99.2	85.5
1917	102.1	104.5	107.7	114.1	120.7	122.0	123.0	124.8	123.5	122.2	122.8	122.9	117.5
1918	125.0	122.7	126.4	128.3	128.1	129.0	132.0	134.3	137.5	136.3	136.3	136.3	131.3
1919	134.4	129.8	131.3	133.0	135.3	135.6	141.1	144.3	141.1	141.6	144.5	150.5	138.6
1920	157.7	157.1	158.6	165.5	167.2	166.5	165.8	161.4	155.2	144.2	133.4	120.7	154.4
1921	114.0	104.9	102.4	98.9	96.2	93.4	93.4	93.5	93.4	94.1	94.2	92.9	97.6
1922	91.4	92.9	92.8	93.2	96.1	96.3	99.4	98.6	99.3	99.6	100.5	100.7	96.7
1923	102.0	103.3	104.5	103.9	101.9	100.3	98.4	97.8	99.7	99.4	98.4	98.1	100.6
1924	99.6	99.7	98.5	97.3	95.9	94.9	95.6	97.0	97.1	98.2	99.1	101.5	98.1
1925	102.9	104.0	104.2	101.9	101.6	103.0	104.3	103.9	103.4	103.6	104.5	103.4	103.5
1926	103.2	102.0	100.6	100.3	100.5	100.4	99.5	99.1	99.7	99.4	98.4	97.9	100.0
1927	96.5	95.8	94.7	94.4	94.2	94.1	94.3	95.2	96.3	96.6	96.3	96.4	95.4
1928	96.4	95.8	95.5	96.6	97.5	96.7	97.4	97.6	98.6	96.7	95.8	95.8	96.7
1929	95.9	95.4	96.1	95.5	94.7	95.2	96.5	96.3	96.1	95.1	93.5	93.3	95.3
1930	92.5	91.4	90.2	90.0	88.8	86.8	84.1	84.3	84.4	83.0	81.3	79.6	86.4
1931	78.2	78.8	76.0	74.8	73.2	72.1	72.0	72.1	71.2	70.3	70.2	68.6	73.0
1932	67.3	66.3	66.0	65.5	64.4	63.9	64.5	65.2	65.3	64.4	63.9	62.6	64.8
1933	61.0	59.8	60.2	60.4	62.7	65.0	68.9	69.5	70.8	71.2	71.1	70.8	65.9
1934	72.2	73.6	73.7	73.3	73.7	74.6	74.8	76.4	77.6	76.5	76.5	76.9	74.9
1935	78.8	79.5	79.4	80.1	80.2	79.8	79.4	80.5	80.7	80.5	80.6	80.9	80.0
1936	80.6	80.6	79.6	79.7	78.6	79.2	80.5	81.6	81.6	81.5	82.4	84.2	80.8

[fol. 15905]

(Exhibit 213.)

Average Hourly Earnings And Average Actual Hours Per Week
Per Wage Earner In 25 Manufacturing Industries
1914-1942

Date	Average Hourly Earnings	Average Actual Hours per Week per Wage Earner
<u>1914, July</u>	\$ 247	51.5
<u>1920</u>		
June	603	49.4
July	602	49.5
August	606	49.3
September	611	48.7
October	611	48.3
November	608	46.4
December	601	45.8
Average*	606	48.2
<u>1921</u>		
January	581	44.2
February	566	44.2
March	553	45.0
April	545	44.7
May	533	44.5
June	526	44.6
July	512	45.2
August	507	45.8
September	499	46.0
October	492	47.7
November	490	47.1
December	486	47.6
Average	524	45.6
<u>1922</u>		
July	478	48.0
August	483	48.7
September	495	49.0
October	500	49.6
November	502	49.7
December	505	49.9
Average**	494	49.2
<u>1923</u>		
January	503	50.0
February	508	49.7
March	512	50.1
April	530	50.2

5758

May	548	49.9
June	549	49.5
July	548	49.2
August	551	48.8
September	560	48.0

*Average of 7 months.

**Average of 6 months.

[Rel. 15006]

Date	Average Hourly Earnings	Average Actual Hours per Week per Wage Earner
<u>1923 (continued)</u>		
October	561	48.5
November	560	48.2
December	561	48.2
Average	541	49.2
<u>1924</u>		
January	559	48.2
February	561	48.2
March	562	47.6
April	562	47.7
May	562	46.6
June	558	45.7
July	561	45.0
August	560	45.5
September	567	46.4
October	563	47.5
November	564	46.9
December	563	48.0
Average	562	46.9
<u>1925</u>		
January	560	48.5
February	559	48.5
March	562	48.6
April	564	48.1
May	564	48.0
June	562	47.4
July	559	47.4
August	559	47.6
September	560	48.4
October	562	48.4
November	560	48.6
December	562	49.0
Average	561	48.2

1926

January	559	48.4
February	562	49.0
March	565	48.8
April	566	48.1
May	568	47.9
June	570	47.9
July	568	47.5
August	568	47.5
September	573	48.5
October	573	48.7
November	575	47.6
December	572	47.7
Average	568	48.1

1927

January	571	48.1
February	575	48.4

[fol. 13907]

Date	Average Hourly Earnings	Average Actual Hours per Week per Wage Earner
1927 (continued)		
March	\$ 573	48.3
April	576	47.9
May	577	48.2
June	578	47.7
July	577	47.0
August	578	47.6
September	580	47.7
October	580	47.4
November	575	47.1
December	575	47.3
Average	576	47.7

1928

January	573	48.0
February	573	48.4
March	577	48.2
April	579	47.4
May	578	47.7
June	578	48.0
July	577	47.6
August	580	47.9
September	585	48.3
October	588	47.9
November	581	47.7
December	580	48.0
Average	579	47.9

1929

January	585	48.6
February	587	49.1
March	586	49.0
April	590	48.8
May	592	48.6
June	590	48.4
July	587	48.4
August	590	48.3
September	594	48.8
October	593	49.3
November	592	46.2
December	590	46.6
Average	590	48.3

1930

January	592	46.2
February	592	46.7
March	592	45.9
April	595	45.8
May	591	44.9
June	590	44.5
July	590	42.9
August	591	42.4
September	589	42.4

(fol. 15008)

Average Actual
Hours per Week
per Wage
Earner

Date	Average Hourly Earnings	
<u>1930 (continued)</u>		
October	\$ 585	42.6
November	582	41.0
December	579	41.4
Average	580	43.9

1931

January	578	40.2
February	573	42.3
March	574	42.3
April	574	41.9
May	571	42.8
June	567	41.3
July	564	40.1
August	568	39.7
September	562	39.4
October	554	38.1
November	541	37.8
December	540	38.4
Average	564	40.4

1932

January	540	
February	527	35.9
March	522	37.7
April	513	36.1
May	508	34.2
June	495	33.7
July	490	32.8
August	486	31.9
September	480	32.1
October	474	35.2
November	469	36.5
December	467	36.5
Average	498	35.1
		34.8

1933

January		
February	466	35.1
March	462	35.6
April	459	32.1
May	460	34.0
June	453	37.6
July	450	41.5
August	456	42.9
September	507	38.2
October	536	36.3
November	542	36.1
December	546	33.8
Average	550	33.8
	491	36.4

1934

January		
February	552	34.0
	556	35.6

1909

Date	Average Hourly Earnings	Average Actual Hours per Week per Wage Earner
4 (continued)		
March	\$ 562	36.4
April	581	35.8
May	585	35.4
June	585	35.5
July	587	34.1
August	587	33.5
September	589	33.4

327-12,466

October.....	591	33.9
November.....	592	33.7
December.....	590	35.1
Average.....	580	34.7

1935

January.....	591	36.3
February.....	592	37.2
March.....	594	36.8
April.....	597	36.8
May.....	599	36.0
June.....	601	36.1
July.....	601	36.3
August.....	604	37.0
September.....	603	37.9
October.....	602	38.6
November.....	605	38.5
December.....	604	38.4
Average.....	599	37.2

1936

January.....	610	38.1
February.....	609	37.8
March.....	612	38.3
April.....	615	39.1
May.....	617	39.0
June.....	619	39.0
July.....	618	38.8
August.....	618	39.8
September.....	620	40.3
October.....	620	40.8
November.....	626	41.1
December.....	638	41.4
Average.....	619	39.5

1937

January.....	639	40.3
February.....	643	41.3
March.....	662	41.4
April.....	692	40.6
May.....	701	40.2
June.....	708	39.8
July.....	712	38.7
August.....	715	38.5
September.....	716	37.9

[fol. 15910]

Date	Average Hourly Earnings	Average Actual Hours per Week per Wage Earner
1937 (continued)		
October.....	\$.718	37.4
November.....	.716	35.2
December.....	.715	33.6
Average.....	.695	38.7
1938		
January.....	.714	32.2
February.....	.704	33.1
March.....	.720	33.0
April.....	.718	32.7
May.....	.718	32.5
June.....	.719	32.9
July.....	.714	33.7
August.....	.714	35.5
September.....	.715	36.0
October.....	.715	36.8
November.....	.714	36.7
December.....	.713	36.6
Average.....	.716	34.3
1939		
January.....	.713	36.7
February.....	.713	36.9
March.....	.716	37.1
April.....	.718	36.7
May.....	.719	36.5
June.....	.722	37.2
July.....	.721	37.1
August.....	.720	37.9
September.....	.722	38.2
October.....	.724	39.0
November.....	.727	39.1
December.....	.730	39.1
Average.....	.720	37.6
1940		
January.....	.727	38.7
February.....	.728	38.0
March.....	.731	37.7
April.....	.734	37.6
May.....	.737	37.5
June.....	.740	38.0

July	740	38 1
August	741	38 5
September	742	39 0
October	744	38 9
November	747	39 6
December	754	40 1
Average	739	38 6

[fol: 15911]

Date	Average Hourly Earnings	Average Actual Hours per Week per Wage Earner
1941		
January	\$ 759	40 2
February	764	41 0
March	769	41 2
April	784	40 7
May	799	41 3
June	818	41 7
July	822	41 0
August	828	41 2
September	845	41 6
October	853	41 7
November	860	41 5
December	868	41 6

1942

January	882	42 4
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Source: National Industrial Conference Board Publications.

1. "Wages, Hours, and Employment in the United States 1914 to 1936" pages 44 to 47 (inclusive) for the month of July, 1914; and June, 1920 to December, 1933.

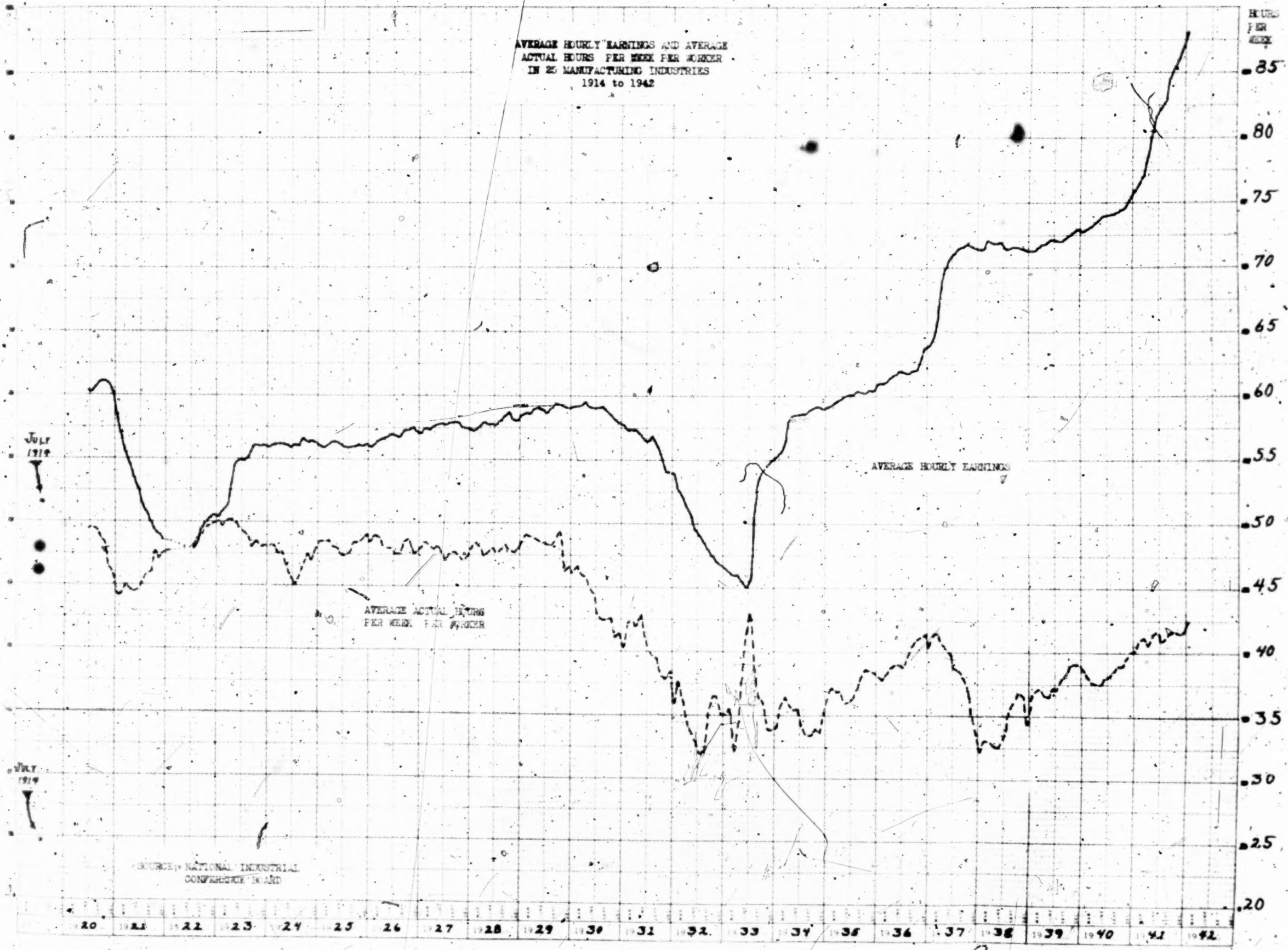
2. "The Conference Board Economic Record," March, 1940 covering period from January, 1934 to December, 1939; pages 115 and 116.

3. For period January, 1940 and including Jan. 1941, monthly issues of the Economic Record.

4. For period Feb., 1941 to and including January 1942, March, 1942 issue of The Conference Board Management Record.

Exhibit 214

AVERAGE HOURLY EARNINGS AND AVERAGE
ACTUAL HOURS PER WEEK PER WORKER
IN 25 MANUFACTURING INDUSTRIES
1914 to 1942



SOURCE: NATIONAL INDUSTRIAL
CONFERENCE BOARD

increased their forces 30 per cent and paid but 25 per cent more in total payrolls. Family clothing stores also reported good gains of 17 per cent in employment and 13 per cent in payrolls. Shoe stores were employing 13 per cent greater forces on pay-

(Index numbers with average 1925-1927 as 100)

PAYROLLS												
(Index numbers with average 1925-1927 as 100)												
1914												
1915	44.7	40.3	41.4	42.2	42.1	43.5	44.0	43.2	40.2	42.1	41.2	40.4
1916	38.6	32.3	34.3	35.7	37.4	35.6	35.8	43.8	43.9	45.7	47.6	30.3
1917	69.3	65.0	65.4	66.4	66.1	68.1	67.8	56.1	58.2	61.4	63.3	64.5
1918	87.4	71.9	76.7	82.0	86.1	86.1	87.3	67.3	67.3	70.7	73.6	75.8
1919	94.4	90.1	87.2	87.2	86.7	86.4	86.7	91.6	91.6	96.0	91.9	91.8
1920	117.1	115.2	113.8	122.2	121.2	122.3	123.1	91.8	96.8	101.8	98.7	105.3
1921	85.7	90.3	89.2	90.8	86.4	83.6	81.5	78.6	79.0	80.9	116.9	109.7
1922	87.8	79.4	81.0	83.4	80.9	83.1	85.5	85.0	88.1	92.1	94.7	98.5
1923	105.6	100.6	100.4	106.9	107.0	108.4	108.3	104.4	103.8	104.3	108.0	108.1
1924	97.9	104.2	104.9	108.9	101.8	97.1	93.3	90.2	90.4	96.1	95.5	96.0
1925	99.2	98.4	99.0	101.8	97.1	97.3	98.1	95.2	95.2	99.2	102.0	98.8
1926	102.0	104.2	103.2	105.1	102.9	100.2	100.8	97.8	98.8	102.7	104.1	103.0
1927	98.8	100.4	101.3	103.1	99.6	98.1	97.9	95.5	97.4	100.3	99.4	95.8
1928	95.4	93.6	94.4	96.4	92.4	92.8	94.0	92.1	94.0	97.1	99.3	96.6
1929	101.7	97.6	101.3	104.4	102.9	101.9	101.9	100.9	102.3	105.5	104.7	100.4
1930	85.6	94.7	93.2	94.4	91.4	88.7	86.7	82.1	81.6	84.5	80.4	76.2
1931	67.1	70.4	72.6	73.1	72.9	70.4	68.7	65.5	65.0	66.5	62.3	59.4
1932	68.5	54.6	53.9	53.8	50.1	44.9	42.6	36.4	41.1	44.9	46.4	44.2
1933	68.5	60.5	60.7	58.4	60.1	42.4	45.1	47.9	51.0	55.0	54.1	51.8
1934	58.7	51.8	54.7	56.3	50.0	38.2	37.0	55.7	56.9	57.3	57.2	56.1
1935	62.6	58.3	60.9	63.1	62.9	61.2	60.2	59.5	62.5	65.9	64.3	65.9
1936	68.7	64.5	64.5	67.2	66.4	66.6	66.4	67.5	71.1	72.4	75.3	76.2
1937	83.3	78.8	81.1	80.1	80.5	80.4	80.4	84.8	87.2	88.5	84.5	78.7
1938	70.0	66.0	70.7	70.7	67.5	64.4	63.7	64.9	70.0	73.3	75.0	72.9
1939	80.1	74.4	76.8	79.4	78.4	74.4	75.9	73.8	80.2	82.7	87.2	88.0
1940	92.4	88.6	87.0	89.5	85.2	85.4	86.7	87.6	92.8	98.2	100.8	101.6
1941	135.2	108.2	113.6	119.2	122.6	139.0	134.2	137.5	146.4	182.6	151.6	157.4

AVERAGE WEEKLY EARNINGS
(Includes all employees in both office and shop)

Note.—The average weekly earnings are obtained by dividing the total weekly payroll by the total number of employees on the payroll for the given week. Reports cover the week including the fifteenth of the month.

[fol. 15914]

(Exhibit 216.)

Indexes of Wholesale Prices
And Cost of Living
For Certain Months, 1913 to 1942

(1935 to 1939 = 100)

Date	Cost of Living	Wholesale Prices*
1913 — Average	70.7	86.5
1914 — Dec.	72.6	83.5
1915 — Dec.	74.0	91.7
1916 — Dec.	82.4	122.9
1917 — Dec.	97.8	152.3
1918 — Dec.	118.0	168.9
1919 — June	121.0	168.0
Dec.	135.3	186.5
1920 — June	149.4	206.3
Dec.	138.3	149.6
1921 — May	126.6	119.2
Sept.	125.3	115.7
Dec.	123.6	115.1
1922 — March	149.3	175.0
June	119.5	119.3
Sept.	118.7	123.0
Dec.	120.4	121.8
1923 — March	120.2	129.5
June	121.6	124.3
Sept.	123.1	123.5
Dec.	123.5	121.6
1924 — March	122.0	122.1
June	121.8	117.6
Sept.	122.2	120.3
Dec.	123.2	125.8
1925 — June	124.9	127.6
Dec.	128.2	128.1
1926 — June	126.4	124.4
Dec.	126.1	121.3
1927 — June	125.7	116.6
Dec.	123.8	119.5
1928 — June	122.1	119.8
Dec.	122.4	118.7
1929 — June	122.1	118.0
Dec.	122.8	115.6
1930 — June	120.3	107.6
Dec.	115.3	98.6
1931 — June	108.2	89.3
Dec.	104.2	85.0
1932 — June	97.9	79.2
Dec.	93.5	77.6

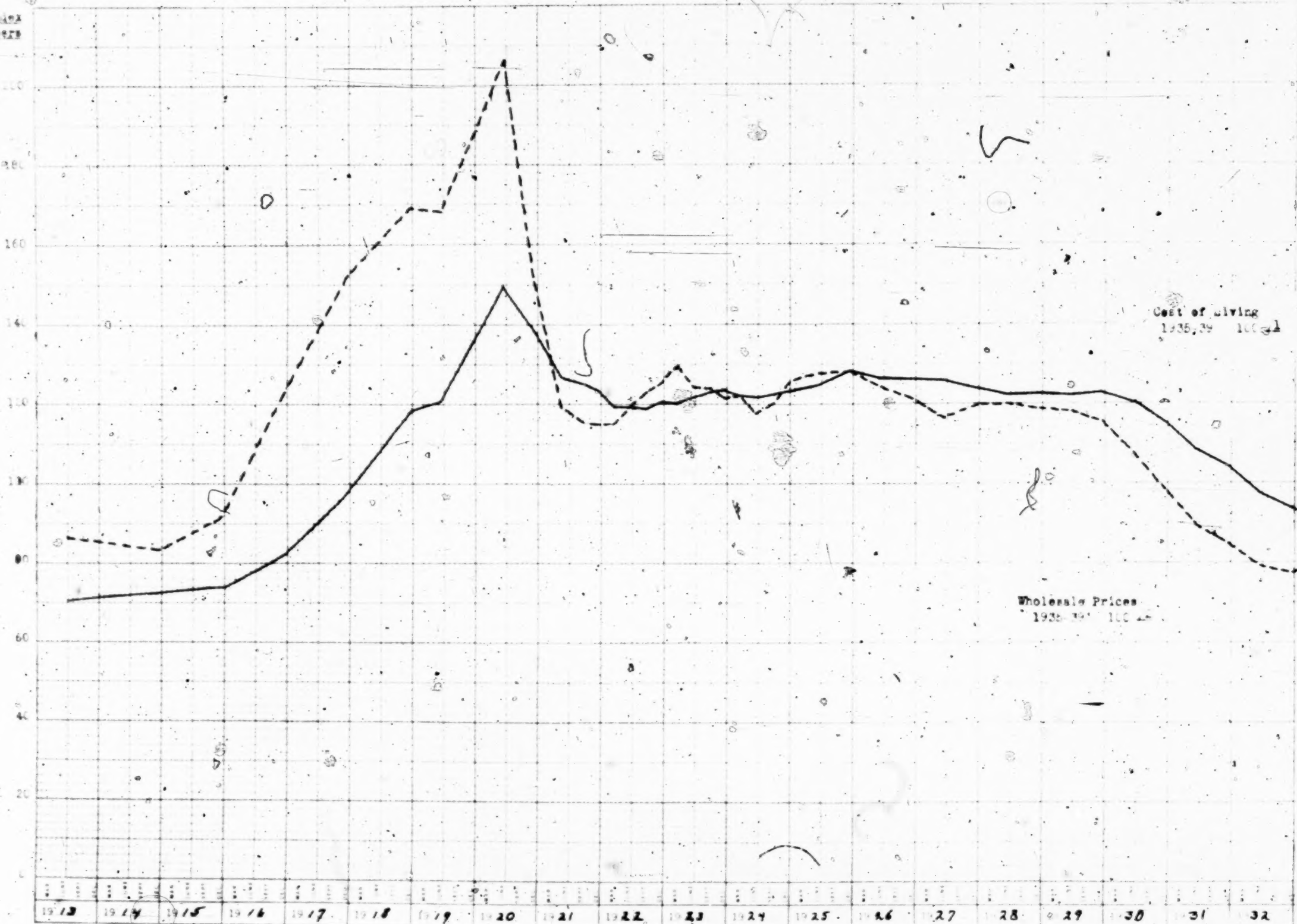
1933 — June	90.8	80.5
Dec.	93.9	87.7
[fol. 15915] 1934 — June	95.3	92.4
Nov.	96.2	94.8
1935 — March	97.8	98.4
July	97.6	98.4
Oct.	98.0	99.8
1936 — Jan.	98.8	99.9
April	97.8	98.8
July	99.4	99.8
Sept.	100.4	101.1
Dec.	99.8	104.3
1937 — March	101.8	108.8
June	102.8	108.1
Sept.	104.3	108.3
Dec.	103.0	101.2
1938 — March	100.9	98.8
June	100.9	97.0
Sept.	100.7	97.0
Dec.	100.2	95.4
1939 — March	99.1	95.0
June	98.6	93.7
Sept.	100.6	98.0
Dec.	99.6	98.1
1940 — March	99.8	97.1
June	100.5	96.0
Sept.	100.4	96.7
Oct.	100.2	97.5
Nov.	100.1	98.6
Dec.	100.7	99.1
1941 — Jan.	100.8	100.1
Feb.	100.8	99.9
March	101.2	101.0
April	102.2	103.1
May	102.9	105.2
June	104.6	107.9
July	105.3	110.0
Aug.	106.2	111.9
Sept.	108.1	113.9
Oct.	109.3	114.6
Nov.	110.2	114.9
Dec.	110.5	116.2
1942 — Jan.	111.9	

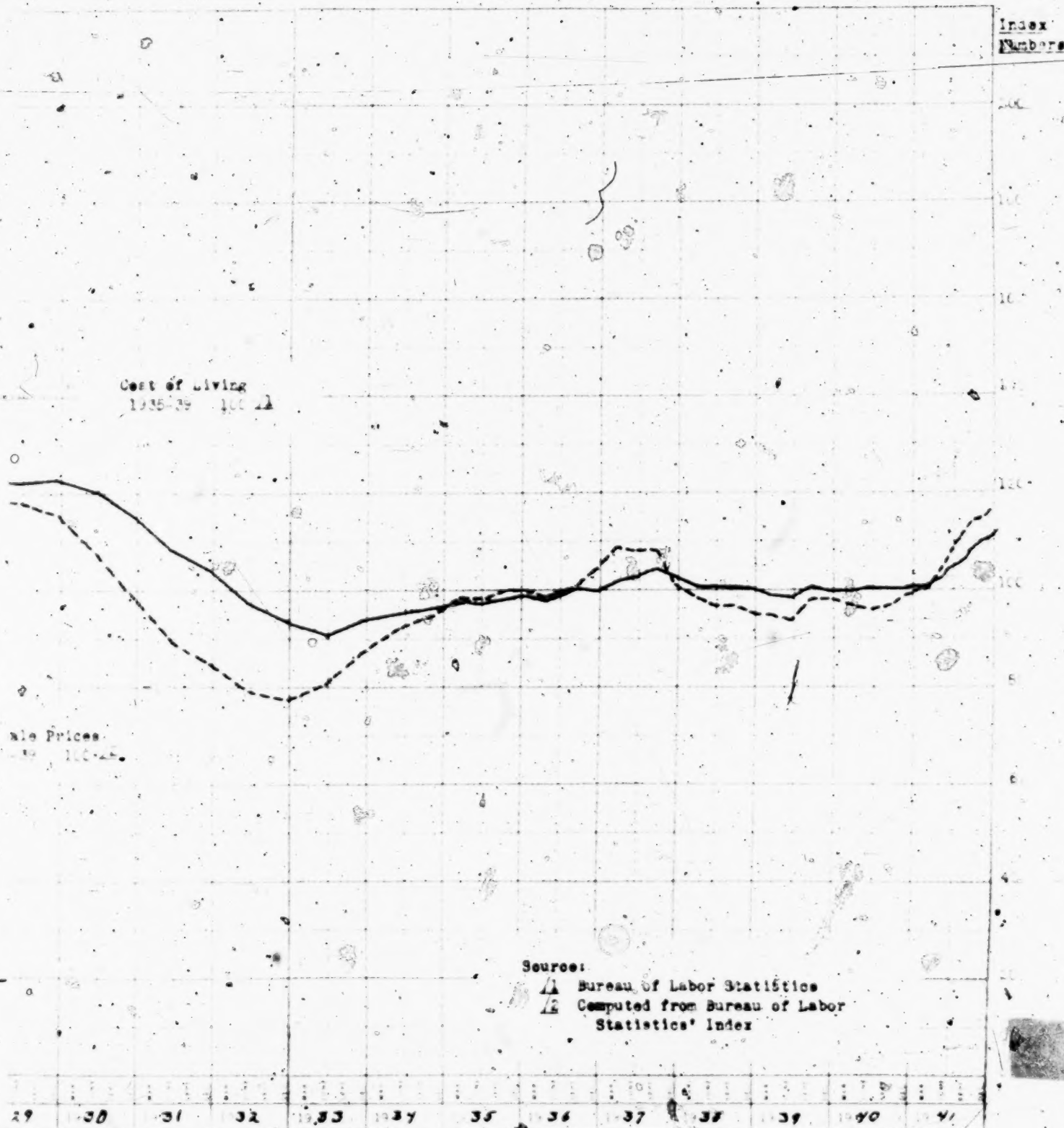
Source: Bureau of Labor Statistics.

Note: *Computed from Bureau of Labor Statistics Indexes.

Exhibit 217

Index
Numbers





[fol. 15917]

(Exhibit 218.)

Testimony of Mr. Joe D. Creveling
Before the Securities and
Exchange Commission on November
29, 1941, In the Matter of
Columbia Gas & Electric Corporation,
et al., File No. 59-33, etc.

[fol. 15917-a)

Before the
Securities and Exchange Commission.

In the Matter of
Columbia Gas & Electric Corporation, et al.
File No. 59-33 etc.

Hearing Room 1102
Securities and Exchange Commission
Building,
Washington, D. C.
Saturday, November 29, 1941.

Met, pursuant to adjournment, at 10 o'clock a. m.

Before:

James G. Ewell, Examiner.

Appearances:

Ambrose Selig, William R. Nowlin and Sidney Willner,
Appearing for the Securities and Exchange Commission.

William H. Button, James B. Alley and Charles R.
Lewther, Appearing for Columbia Oil & Gasoline Cor-
poration.

Wayne Johnson, Jr., Edward S. Pinney, William
Wemple, and Frederick S. Beebe, of Cravath, DeGers-
dorff, Swaine, & Wood, Appearing for Columbia Gas &
Electric Corp., Michigan Gas Transmission Corporation,
and Indiana Gas Distribution Corporation.

Robert J. Bulkley, Arthur Logan, and Russell Hardy,
and Richard B. Hand, 111 Broadway, New York. Appear-
ing for Missouri-Kansas Pipe Line Company.

Edwin N. Goodwin and William L. Glenn, appearing for Panhandle Eastern Pipe Line Company.

[fol. 15918] The Examiner: It may be so marked.

(Commission's Exhibit A-8 was marked for identification.)

Mr. Laylin: May I have the same opportunity Mr. Alley has?

The Examiner: Yes.

Mr. Selig: May I call Mr. Creveling to the stand for the purpose of cross-examination.

Mr. Goodwin: Mr. Examiner, it was agreed on the record, I believe yesterday, that these proceedings were closed except for cross-examination of the witnesses that had testified in connection with the Panhandle Eastern financial program.

Mr. Creveling was not one of those witnesses, but he was produced here today, and I would just like to have it made clear that Mr. Creveling's testimony is to relate only to Panhandle Eastern's financial program.

Mr. Selig: That is the only testimony I hope to elicit from Mr. Creveling.

Whereupon, JOE D. CREVELING, a witness previously called on behalf of Applicant, and duly sworn, resumed the stand and testified further as follows:

Cross-Examination.

By Mr. Selig:

Q. Mr. Creveling, what is the estimated gas reserves [fol. 15919] of the Amarillo and Hugoton fields from which Panhandle Eastern derives its gas?

A. I do not know.

Q. Isn't it a fact that it is stated in this application that the gas reserves are estimated, as an estimated life of 25 years?

A. That, Mr. Selig—I may have misunderstood your former question. If you mean the estimate of the reserves under the acreage owned or controlled by Panhandle Eastern, that I do know.

Q. Yes. What is that?

A. That is the Amarillo field, in round figures, 700,000,000,000 cubic feet and in the Hugoton field, 1,700,000,000-one trillion, seven hundred billion cubic feet, or a total of about two and one-half trillion cubic feet of recoverable reserves.

Q. Is that known and unknown portions of the field?

A. That is under our acreage which we consider that we definitely can estimate reserves as existing.

Q. And what is the estimated life of that field?

A. That I do not know because that depends entirely on the rate of withdrawals.

Q. What would you estimate the life of that reserve under present rates of withdrawal?

A. The present rate of withdrawal of the Panhandle [fol. 15920] Eastern Pipe Line Company from that area, meaning the two fields, is approximately \$2 billion; that is for 1941. For 1942 it will be higher than that, and might easily be assumed over a reasonable period of time to be 80 billion cubic feet. If you will divide two and one-half trillion—we are getting into big figures here, but, of course, seeing the national debt, we are getting more or less used to it—if you divide two and one-half trillion by an estimated requirement of 80 billion for the market's present and prospective of Panhandle Eastern, you would get a life of something around thirty years, maybe a little over.

Q. Now, in the application filed here in Panhandle Eastern financing, it is stated that the estimated life is 25 years.

A. That is correct. I believe that statement, made by independent geologists, as well as by our own, is that it is at least 25 years.

Q. At least 25 years?

A. Yes.

Q. Now, in arriving at that estimate, did you consider the factor of competition as sucking out the gas from the common reserve?

A. We did.

Q. In considering that factor there is a competitive condition there as between the company drawing from [fol. 15921] that common reserve, isn't that so?

A. That is theoretically correct, but is more practically correct in the Amarillo today than in the Hugoton areas.

Q. That factor is so variable, depending upon how much each company which draws from that common reserve draws out of it, isn't that correct?

A. Our acreage and our wells are so located that all we are estimating in taking from under that acreage, is the gas in place there at the present time. We believe that acreage is so blocked and located that if any drainage were to happen the flow would be towards our acreage rather than away from it.

Q. Outside of the Amarillo field and the Hugoton field, have you any other reserve?

A. That depends on your definition of the Hugoton field, Mr. Selig.

Q. Well, what is your definition of the Hugoton field?

A. We are now using as a definition of the Hugoton field, not only that part of the producing area in Kansas, but also in the Oklahoma Panhandle, and extending over into Hansford County, Texas, but to date not joined with the Amarillo field, which is entirely in Texas.

Q. And that adjoining is unproven today?

[Vol. 15922] A. No, it is proven. We believe that that is all a part of a common reservoir, therefore we are now calling it the Hugoton area, while probably it should have been named something else in order to keep from confusion as to the original Hugoton field, which was in southwestern Kansas. The answer to your question is except in those two areas we have no other sizeable reserve at this time.

Q. Are you acquiring any new acreage?

A. We are.

Q. And will you tell us approximately where you are acquiring that acreage?

A. We are acquiring that acreage entirely in the Hugoton area.

Q. What effect will that have upon reserve?

A. That will increase the reserves.

Q. Is it estimated approximately how much that will tend to increase?

A. No, that has not been done because that policy was really only started in the past few months.

Q. Now, considering the factors—

A. I do not want to be misunderstood on that. We have been rearranging and reblocking our acreage for many

years. As a matter of fact, when I went with the company in 1936, we had under lease about 195,000 acres and under purchase contract for the life of commercial production [fol. 15923] about 23,000 acres. As of June 30, of this year, we had under lease about 250,000 acres and something over 22,000 acres under purchase contracts.

We had until we began to interpret it in terms of reserve requirements the effect of the present defense program, considered that we were in very good shape for all times to come. We still think we are in good shape, but when we saw what that was doing to our market requirements we started gradually building up this acreage and we are carrying on that program at this time.

Q. Are you contemplating a new line into Michigan?

A. I presume you are referring to some construction work now in progress to serve distribution systems owned largely by the Consumers Power Company. If you are, that is in process of construction now.

Q. And in the sale of gas to those two customers how will that affect the reserves?

A. The volume required to serve that market is included in the figures I have given you.

Q. Mr. Creveling, you said that you are purchasing contracts or other portions of property for the purpose of strengthening your reserve?

A. That is right.

Q. Could you tell us to what extent, or what limitations there are in purchasing those properties to increase [fol. 15924] your reserve?

A. That is rather a difficult question to answer, Mr. Selig.

We are strengthening our reserves in more than one way. Not only are we acquiring some additional acreage which has not yet obtained the position of being subject to any great drilling programs, and we are also blocking acreage by trading as well as by acquisition, in order to have satisfactory drillings in the Hugoton field.

We have a program, I think, in our budget, as I recall the figure as \$40,000, and probably will have some such an

item in our 1942 budget, although of course that has not been before the Board for approval, and we will keep acquiring acreage and blocking acreage as our business judgment indicates we should.

Q. And that is in the same Hugoton area?

A. That is correct, but it is getting away from that part of it in which the production, major part of the production is now coming.

Q. And could you tell us what limitations there would be in acquiring this extra acreage?

A. I could give you my thought on that matter. My thought is that we should acquire property, as much as 25 or 30 thousand acres of additional reserve within the next couple of years.

[fol. 15925] Q. Well, is there any limitation upon your opportunity to acquire that amount of acreage?

A. That is the reason, one of the reasons why we are doing it at this time, one, because the acreage is available now to the greatest extent anyone could figure we would need additional reserve, and, second, it is not in demand today by other existing or potential projects, and therefore it can be acquired on a more favorable basis.

Q. Mr. Creveling, if it would be your program to get a reserve to last for that 25 years, say for 35 years, would you be able to get it in that field?

A. I have no hesitancy at all in stating that it is my best judgment that we could, if you will accept my definition of the Hugoton area.

Q. Well, will you describe the limitations, boundaries of the Hugoton area?

A. If I had a map I could show you. Roughly it includes all southwestern Kansas, the Oklahoma Panhandle, particularly Texas County, and Sherman and Hansford Counties, Texas.

Mr. Selig: Off the record, for the time being.

(Short discussion off the record.)

Mr. Selig: On the record.

The Witness: A. The general Hugoton area includes the counties of southwestern Kansas, and in addition [fol. 15926] Texas County, Oklahoma, and parts of Sher-

man and Hansford Counties of Texas; and with that definition of the Hugoton area it is my judgment that if I were assigned the problem of obtaining additional gas reserves to meet the present indicated requirements of this company for 30 or 35 years, it could be done on a favorable and economical basis.

By Mr. Selig:

Q. It is my understanding, Mr. Creveling, that you have a construction program in the next five years that will require an expenditure of approximately \$40,000,000 and in that construction program you would draw upon your gas reserves?

A. That is correct.

Q. Will you please state on the record just what effect that will have upon gas reserves?

A. First, I would like to say, Mr. Selig, that such construction program is only one that the management continues to develop looking forward to its future requirements and its ability to meet its public obligation.

In the figures I have already given you as to probable market requirements of the future, in addition to what they have been and are now, that construction program has been given full weight.

To be more specific I indicated our present market requirements were about 62 billion cubic feet per year. That [fol. 15927] will go to seventy, will then go to eighty, and possibly a little above eighty billion cubic feet per year, and the ultimate amount of that probable requirement is determined by this construction program.

Q. In other words, the construction program is taken into consideration in estimating the life of gas reserve?

A. That is correct.

Q. And in estimating that gas reserve, you are increasing it by virtue of the fact that you are going to have a big construction program?

A. That is exactly correct.

Q. Now, when there is an estimate made on the life of gas reserve, there are many variable factors, such as the competition sucking out gas from a common reservoir. Under such circumstances, isn't it a fact that it is impos-

sible to make a scientific estimate of the life of the gas reserve?

A. I do not know how exact science is. All things are approximations. Probably the best they can be is scientific guesses.

Q. Because of these probabilities that come into the estimate, is that correct?

A. Yes.

Now, we have to do some crystal gazing, if you please, as to what is going to happen along lines over which we do [fol. 15928] not have complete control, such as the probable takes of others out of the common pool, as you term it, and we have given what we think is proper weight to the effect of takes from this common pool on the reserve under our acreage, and that controlled through purchase contracts in arriving at this judgment figure.

Q. Do you know how many other companies are drawing from this common pool?

A. I probably could name all the large ones, if you would like to have them in the record.

Q. Approximately, you do not have to name them.

A. Well, there are four or five major pipe line companies out of the Amarillo area, and only one other large one at the present time that I recall out of the Hugoton area.

Q. And how about the Amarillo field?

A. There are four or five out of the Amarillo area.

Q. Are these companies comparable in size to Panhandle Eastern?

A. I should say that Panhandle Eastern is as large on requirements as any of them, and larger than some of them.

Q. Now Mr. Creveling, in the event that the source of supply is depleted in the known areas in the Hugoton field, and you would have to seek another source of supply, that [fol. 15929] is, another known source of supply, which probably would be somewhere in Louisiana, or in a place remote from the present Panhandle line, what effect would that have upon the transmission lines from the Texas Panhandle to your important areas?

A. That would all depend on the approximate location of this other source of supply.

Q. I realize that that question has that factor in it, but I want to ask you, taking into consideration the remoteness of the new source of supply and the location of that source of supply.

A. A partial answer to your question, Mr. Selig, I think is this: In case pending before the Federal Power Commission known as Docket G-207, I have the misfortune of being a witness.

Q. I think you are fortunate in being a witness here.

A. In that case we did not consider this theoretical, or this possible failure of the supply in the areas from which we are now taking our reserve of sufficient importance to claim it as a hazard in asking for a more than a fair rate of return on our investment.

Q. And you were not called upon in that case to give an answer to that question?

A. That is correct.

Q. You are more fortunate in this case?

[fol. 15930] A. That, of course, would be a serious proposition from the standpoint of any pipe line company as long as this pipe line company is. We might have to go well, we would have to go where the supply is or fold up. We might go to the, farther down in Texas, or we might go into the Louisiana area, and get a part or all of our requirements, but I hope that does not happen while I am still president of Panhandle Eastern.

Q. In order to ease your mind on that question, I am going to ask you this: On the present state of facts as known by you, that is a very, very remote contingency?

A. It most definitely is, Mr. Selig. I would say if there were any chance of it being a contingency, I would have claimed it a hazard in the case I just mentioned.

[fol. 15930-a] Mr. Selig: I have no further question. Thank you, Mr. Creveling.

The Examiner: Does anyone else wish to ask the witness any questions?

Mr. Logan: I have one or two questions.

By Mr. Logan:

Q. Mr. Creveling, you were here this morning when Mr. Watkins was on the stand, were you not?

A. Yes, sir.

Q. You heard the questions and answers when he was on the stand?

A. Yes, sir.

Q. You are familiar with the resolution [e] were discussing at that time which was read into the record?

A. Yes, sir.

Q. As President of the Company do you know of any objections which the Company as such could have to a vote being given on the Preferred Stock on a share for share basis equal to the vote on the Common?

A. You mean from the Corporation's standpoint?

Q. Yes?

A. No, sir; I know of none.

Q. In your judgment could the Company, Panhandle Eastern, be hurt in any way by having a vote placed on this new proposed preferred stock?

[fol. 15930-B] A. I know of no way in which the corporation could be hurt.

Q. When you say a vote, you mean a share for share vote, a full vote?

A. That would not be an unreasonable allocation.

Q. If the Securities and Exchange Commission should determine that such a vote should be placed upon this Preferred Stock, and they should make that a term or condition for these securities to secure the exemption you request under 6-B, would you be willing as President and a Director, to recommend that that be done?

A. If I understand your question, it is that the SEC would make that a condition to approval of the financial plan.

Q. Yes?

A. If that were a condition necessary to carry out the project, I would unqualifiedly recommend that it be done.

Mr. Morgan: That is all.

Mr. Selig: That is all.

Mr. Laylin: I have one or two questions.

By Mr. Laylin: 6

Q. Now, none of your answers, I take it, are to be construed to mean that if the condition is not imposed that you would recommend it?

A. That is correct.

Mr. Laylin: That is all.

[fol. 15930-c] The Examiner: Any other questions?

Mr. Button: May I ask one or two questions?

The Examiner: Yes.

By Mr. Button:

Q. You say that the corporation could not be hurt by this stock having a vote. Couldn't it be hurt if that stock fell into the wrong hands, from a business standpoint?

A. Mr. Button, I answered that question purely from the position I occupy as President of the Corporation, and I trust you will take the answer to only go to that extent.

Q. That is, theoretically you are correct?

A. That is correct.

Q. But practically you might be wrong?

A. That might possibly happen.

Mr. Button: That is all.

The Examiner: Mr. Creveling is excused.

(Witness excused.)

[fol. 15931] (Exhibit 219.)

Panhandle Eastern Pipe Line Company

Gas Sales and Purchase Contracts

Copy of Report by Bureau of
Internal Revenue and Related
Correspondence

[fol. 15932] #607444

Treasury Department
Internal Revenue Service

St. Louis, Missouri
December 9, 1941

Office of
Internal Revenue Agent in Charge
St. Louis Division

Panhandle Eastern Pipe Line Co.,
1100 Midland Building,
Kansas City, Missouri.

Supplemental Report

In re:

Date of Report:

Year (s) Examined:

Income Tax

November 25, 1941

1936, 1937, 1938, 1939

Gentlemen:

There is enclosed for your information and files a copy of a report covering the examination of your income tax return(s) for the year(s) indicated, recently made by a representative of this office. You have indicated your agreement to the adjustment of tax liability shown in the report.

The item checked below explains briefly how settlement of the agreed tax liability will be accomplished through the office of Collector of Internal Revenue for your district.

Respectfully,

EARL E. WATERS,

Acting Internal Revenue Agent in Charge

Enclosure

Form of Acknowledgment.

Report of Examination.

Deficiency: The Collector will present to you at an early date a bill for payment of the tax, together with interest, at which time remittance should be made to that official, provided you have not already paid the full amount due.

(XX) Net Deficiency: After the overassessment(s) have been certified to the Collector by the Commissioner of Internal Revenue, you will be presented with a bill for the amount due, at which time remittance should be made to the Collector.

Net Overassessment: After the overassessment(s) have been certified to the Collector by the Commissioner of Internal Revenue, you will be advised as to how the over-assessments have been applied, and will receive a check for the amount due you.

Overassessment: After the overassessment(s) have been certified to the Collector by the Commissioner of Internal Revenue, you will receive a check in payment of the overassessment and interest, provided there are no outstanding taxes against which the amount should be credited.

HCW:MLF

Form 892

(Revised August 1939) GPO 16-11497

[fol. 15933] In re: Panhandle Eastern Pipe Line Co.

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Exhibit

"A"	Comparison of Values of Assets
"B"	Schedule of Sales of Construction Units to Missouri-Kansas Pipe Line Co. By Stockholders in 1928.
"B-1"	Resolution of Board of Directors In Regard To Above Sale.
"C"	Computation of Allowable Depletion — 1936
"C-1"	" " " "
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"D"	" " " " — 1938
"D-1"	" " " "
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"D-3"	" " " "
"E"	Adjustment to Depletion Computation Made in Original Report. — 1939

Valuation Engineer's Report.

Examining Officer: Wm. R. Morris

Date of report: November 25, 1941

Name of taxpayer — Panhandle Eastern Pipe Line Co.Statement of Total Tax Liability

Year	Tax Previously Assessed	Deficiency	Overassessment	Correct Tax Liability
Income Tax				
*1936	\$ 153,419 40	\$	\$ 3,629 37	\$ 149,790 03
1937	0-	0-	0-	0-
1938	504,991 69	30,014 56		535,006 25
1939	785,116 82	19,481 23		804,598 05
Totals	\$1,443,527 91	\$ 49,495 79	\$ 3,629 37	\$1,489,394 33

*In lieu of overassessment of \$23,233.91 recommended in Revenue Agent's report dated June 9, 1939.

Year — 1938

Original tax	\$468,639 69
Deficiency assessed, 1939	36,352 00
Tax previously assessed	\$504,991 69

Preliminary Statement

The principal causes of the change in tax liability are the disallowance of amortization of gas sales and purchase contracts acquired from predecessor company without recoverable basis, adjustment of percentage depletion and disallowance of excess accrual for Texas franchise taxes as allowed in original reports referred to in attached schedules.

The changes were discussed with Leith V. Watkins, Secretary, N. F. Paxton, Assistant Secretary, and Arthur Anderson & Co., Accountants. Form 874 has been executed.

The statements made in the taxpayer's claim for refund for 1936 in the amount of \$39,057.17 filed May 7, 1938, have been considered in connection with this redetermination of the tax liability for that year. Its partial allowance in the amount of \$3,629.37 in lieu of the \$23,233.91 recommended in the original Revenue Agent's report dated June 9, 1939, is now allowable. Accordingly,

the difference, \$35,427.80, is recommended for disallowance.

[fol. 15935] In re: Panhandle Eastern Pipe Line Co.

Schedule I
1936

Adjustments to Net Income

Net income as disclosed by Revenue Agent's report dated 6-9-1939	\$ 875,636.61
As corrected	1,006,333.57
Net adjustment as computed below	130,696.96
<hr/>	
Unallowable deductions and additional income:	
(a) Amortization of gas sales and purchase contracts disallowed	\$119,920.11
(b) Depletion allowance decreased	10,776.85
Total	\$ 130,696.96
<hr/>	
Nontaxable income and additional deductions:	-0-
<hr/>	
Net adjustment as above	\$ 130,696.96
<hr/>	

Schedule I-A
1936

Explanation of Items

- (a) In original Revenue Agent's reports for 1936, 1937, 1938 and 1939, an amortization of the book value of gas purchase and sales contracts computed on a composite life of 20 years was allowed in computing the taxable income subject to approval and verification by the Valuation Section of the Internal Revenue Bureau in Washington. It has since been disclosed that this book value exceeded the taxable basis recoverable by \$2,398,402.19, which is the value at which a portion of the contracts were received from the Missouri-Kansas Pipe Line Co. in October, 1930. The latter company at that time owned all the stock of Panhandle Eastern Pipe Line Company, and as provided in Section 115 (a) (8) of the Revenue Act of 1928 the taxpayer has a taxable basis to be recovered the same as in the hands of the transferor. Further investigation discloses that these contracts were acquired for stock from a partnership, Shippey, Maddin and Parish Gas Company, which at that time in 1928 owned all the stock of Missouri-Kansas Pipe Line. It has been also disclosed that the partnership had no cost in acquiring the contracts and reported no taxable profit on the transfer of the contracts to the corporation for stock. See Exhibits B and B (1).

[fol. 15936]

Under the circumstance described the amortization allowed on the book value set up on the contracts received from the Missouri-Kansas Pipe Line Co. in the original report is being eliminated.

Book value of contracts received from
Missouri-Kansas Pipe Line Company on
October 23, 1930

\$2,398,402.19

Amortization allowed at 5% on above amount
in original report eliminated

\$ 119,920.11

- (b) In the original report percentage depletion was computed and allowed in computing taxable income at 27½% of the gross income limited to 50% of the net income from the properties. The properties were grouped in respect to the three fields in which the gas was produced for this computation.

However, in computing the 50% of the net income from the properties, productive well drilling costs and interest expense applicable to the properties was not deducted. It is now held that these are proper deductions in computing this limitation and this has been done in Exhibit C and results in reducing the allowable depletion by the amount indicated. In this connection see *Helvering vs. Wilshire Oil Company*, 1939-2 C.B. 213.

In computing interest deductible in arriving at the net income from the property the total interest paid has been allocated to the gas production property on the ratio of the book value of such property to the book value of the total assets of the company. On this basis the interest is considered as applying to all property and assets ratably.

Comparison of Values of Assets Transferred to Panhandle Eastern Pipe Line Co. On October 23, 1930, By Missouri-Kansas Pipe Line Co., As Reported by Latter Company As Basis In Computing Loss on Sale In Return For Fiscal Year Ended May 31, 1931, With Values Taken Up On Books of Panhandle Eastern.

	Cost Reported By Missouri-Kansas Pipe Line Co.	Taken Up By Panhandle Eastern	Increase or (Decrease)
Plant and Property: Construction	\$2,200,356 26 217,592 26	\$2,417,948 52	\$2,417,948 52
Investment in affiliated companies		913,831 42	26,419 63
Inter-company accounts		940,251 05	476,513 89
Misc. deferred charges		476,513 89	(73,724 50)
Prepaid accounts	73,724 50	3,565 19	
Material and supplies	3,565 19	46,140 41	
Liabilities assumed	46,140 41	(32,635 62)	(32,635 62)
Sub-Total	\$3,455,210 04	\$3,851,783 44	\$396,573 40
Value of gas purchase and sales contracts	926,250 00	2,398,402 19	1,472,152 19
Total	\$4,381,460 04	\$6,250,185 63	\$1,868,725 59
Total Net Increase			

(fol. 1533s)

Exhibit "B"

Schedule Showing Sales Of Various Units Of Pipe Line Construction Sold By Shippey, Maddin and Parish Gas Company, a Co-partnership To Missouri-Kansas Pipe Line Company In 1928 Showing Cost And Sale Price Of Each Unit As Included For Tax Purposes In Revenue Agent's Report On Partnership For 1928.

	Cost	Cash Received	Profit Taxed
Ten inch pipe line	\$ 154,462 24	\$ 213,965 83	\$59,503 59
Six inch pipe line	154,580 15	238,481 93	83,901 78
Unit at Paola	21,803 11	27,580 93	5,777 82
Stillwell compressor station	118,903 55	150,412 99	31,509 44
Rantoul compressor station	40,148 61	69,000 00	19,851 39
Missouri-Kansas Pipe Line	413,047 28	630,000 00	216,952 72 (7)
Additional work on 1st contract			
Missouri-Kansas Pipe Line Co.	146,512 78	246,536 19	100,023 41
Totals	\$1,049,457 72	\$1,566,977 87	
Total Profit Taxed To Co-Partnership			\$517,520 15

(a) As per agreement of May 28, 1928, referred to in resolution of Board of Directors, copy attached.

[fol. 15939]

Exhibit "B-1"

Resolution of Board of Directors of Missouri-Kansas Pipe Line Company in re acquisition of pipe line construction and gas purchase and sales contracts from Shippey, Maddin & Parish Gas Company, a co-partnership.

Whereas, C. S. Shippey, S. J. Maddin, and Frank P. Parish, co-partners doing business under the firm name of Shippey, Maddin and Parish Gas Company, have made a written offer to this company dated May 28, 1938, offering to assign transfer and set over to this company as of the close of business on April 30, 1928, all of the pipe lines, gas purchaser and gas sales contracts and other property mentioned in said written offer upon the terms and for the consideration therein stated; and,

Whereas, the Board of Directors is of the opinion based upon the engineers report of Brokaw, Garner, Dixon and McKee and from other investigations and study that said properties and contracts and rights and privileges mentioned in said written offer have a fair market value of more than \$1,800,000, and that the acceptance of said written offer is advisable and in the best interests of the company, now therefore be it,

Resolved that said written offer of C. S. Shippey, S. J. Maddin and Frank P. Parish, Co-partners doing business under the firm name of Shippey, Maddin and Parish Gas Co., be and the same hereby accepted and the president or vice-president and the secretary be and they are hereby authorized, empowered and directed to do all such things as they deem necessary or desirable for the purpose of carrying out the terms of said written offer into full force and effect and upon the delivery to the company of good and sufficient instruments of conveyance, assignment and transfer setting over to the company the pipe lines and other properties and the gas purchase and gas sales, contracts and other rights and privileges mentioned in said written offer and also upon said C. S. Shippey, S. J. Maddin and Frank P. Parish performing the other terms set forth in said written offer the company shall and hereby does assume the obligations not exceeding \$630,000.00 in amount mentioned in said written offer and said officers are authorized and directed to execute and deliver

to said C. S. Shippey, S. J. Maddin and Frank P. Parish or their nominees certificates evidencing 185,000 shares of the fully paid and non-assessable common stock of the company of the par value of \$5.00 each, and be it further,

Resolved that the assignment and transfer to the company of said gas purchase and gas sales contracts and other property mentioned in said written offer, and the performance by said C. S. Shippey, S. J. Maddin and Frank P. Parish of the other terms set forth therein be accepted by the company in full payment and satisfaction of the original subscriptions of said persons to 200 shares of the common stock of the company and that said 200 shares of common stock so subscribed be included in the shares of stock issued pursuant to the terms of said written offer.

The president announced that said resolutions had been adopted by the unanimous vote of all of the directors of the company.

[fol.15940] Panhandle Eastern Pipe Line Company
Ninety Broad Street
New York

November 7, 1941

Mr. N. F. Paxton, Assistant Secretary,
Panhandle Eastern Pipe Line Company,
1221 Baltimore Avenue,
Kansas City, Missouri.

Dear Mr. Paxton:

Federal Income Taxes
Years 1936, 1938, and 1939

It is my understanding that having made the adjustments in taxable net income, suggested in both reports by and conferences with the Internal Revenue Department's examiners, for the items we have satisfied ourselves are proper additions or deductions to the reported net taxable income, as well as for the items with respect to the propriety of which there has been some doubt in our minds, there is involved additional taxes amounting to

\$45,866.42, represented by additional assessments of \$30,014.56 and \$19,481.23 for the years 1938 and 1939, respectively, less an overassessment for the year 1936 to \$3,629.37—1937 was a loss year.

As you know, much consideration has been given to the procedural and technical aspects of attempting to prove a depreciable basis of certain assets; that the surrounding direct and indirect circumstances which might possibly be involved in contesting the Government's position have been explored; and that thought has been directed to estimating the net effect on the income taxes for the past and for the income and excess profits taxes for the future by ourselves, the tax representatives of Messrs. Arthur Andersen & Co., and Mr. B. H. Bartholow of the firm of Dunnington, Bartholow & Miller. You are likewise familiar with the fact that all of these matters and questions have been discussed with Messrs. Creveling and Nemmer several times.

At the meeting of the Board of Directors held October 30, 1941, I gave a resume of the situation as to the open years during which it was stated that in the light of the circumstances there was an unanimity of opinion by the Company's officers that the Company should forego any further effort of sustaining as proper deductions any item now in dispute, and that in the absence of a contrary view by the Board or of further favorable developments [fol. 15941] the officers would execute whatever forms were required by the Revenue Department agreeing to the imposition of the additional taxes.

There was no contrary view expressed and as further favorable developments now seem most remote, it is requested that you arrange with the Internal Revenue Department's Kansas City office for the presentation for execution of the required forms to accomplish this disposition.

Yours very truly,

LEITH V. WATKINS,
Secretary-Controller.

5794

[fol. 15942]

Panhandle Eastern Pipe Line Co.
1100 Midland Building,
Kansas City, Missouri.

6th Missouri

Form 874

Treasury Department
Internal Revenue Service
(Revised August 1937)

(Date Received)

Waiver Of Restrictions On Assessment
And Collection Of Deficiency In Tax
And Acceptance Of Overassessment

Pursuant to the provisions of Section 272 (d) of the Revenue Act of 1936 and/or the corresponding provisions of prior Revenue Acts, the restrictions provided in Section 272 (a) of the Revenue Act of 1936, and/or the corresponding provisions of prior Revenue Acts, as amended, are hereby waived and consent is given to the assessment and collection of the following deficiency or deficiencies in tax:

taxable year ended December 31, 1938 income tax in the sum of \$ 30,014.36
taxable year ended December 31, 1939 income tax in the sum of \$ 19,481.20
taxable year ended _____ excess-profits tax in the sum of \$ _____
taxable year ended _____ in the sum of \$ _____
amounting to the total sum of \$ 49,495.56

together with interest thereon as provided by law, and the following over assessment or overassessments of tax are accepted as correct:

taxable year ended December 31, 1936 income tax in the sum of \$ 3,629.35
taxable year ended _____ income tax in the sum of \$ _____
taxable year ended _____ excess-profits tax in the sum of \$ _____
taxable year ended _____ in the sum of \$ _____
amounting to the total sum of \$ 3,629.35

Panhandle Eastern Pipe Line Company
(Taxpayer)

Leith V. Watkins
(Taxpayer)

(Corporate Seal)

(Address)

Date November 19, 1941

By Secretary-Controller

Note.—The execution and filing of this waiver at the address shown in the accompanying letter will expedite the adjustment of your tax liability as indicated above. It is not, however, a final closing agreement under Section 606 of the Revenue Act of 1928 and does not, therefore, preclude the assertion of a further deficiency in the manner provided by law should it subsequently

be determined that additional tax is due, nor does it extend the statutory period of limitation for refund, assessment, or collection of the tax.

[fol. 15943]

If this waiver is executed with respect to a year for which a Joint Return of A Husband And Wife was filed, it must be signed by both spouses, except that one spouse may sign as the agent for the other.

Where the taxpayer is a corporation, the waiver shall be signed with the corporate name, followed by the signature and title of such officer or officers of the corporation as are empowered to sign for the corporation, in addition to which the seal of the corporation must be affixed.

2 — 13445 U.S. Government
Printing Office

[fol. 15944]

Treasury Department

Washington

April 11, 1940

Office of
Chief Counsel,
Bureau of
Internal Revenue
GC:R:MFK
C1-336576

Panhandle Eastern Pipe Line Company,
300 Fairfax Building,
Kansas City, Mo.

Dear Sirs:

This office has before it for consideration a proposed certificate of overassessment in your favor for the calendar year 1936. A preliminary review of the certificate discloses that the cause of the overassessment is the allowance of additional depreciation. Inasmuch as the information available is inadequate to enable this office to approve the overassessment it is requested that you submit the following data at your earliest possible convenience in order that the matter may be disposed of expeditiously:

1. List of gas purchase contracts and leases acquired at any time up to December 31, 1938, showing for each contract separately.

- (a) Date of lease or contract
- (b) Name of lessor
- (c) Description of property, including acreage and location in township and state
- (d) Terms of lease or contract
- (e) Duration of contract
- (f) Date acquired by your Company
- (g) From whom acquired
- (h) Consideration paid for lease or contract and to whom. If the consideration paid was not in cash complete description of consideration and manner of arriving at the value thereof should be furnished.

2. List of gas sale contracts acquired at any time up to December 31, 1938, showing for each contract separately.

- (a) Date of contract
- (b) Names and titles of all contracting parties
- (c) Duration of contract
- (d) Commodity to be sold and territory covered
- (e) Terms of contract
- (f) Date acquired by your Company
- (g) From whom acquired

[fol. 15945] (h) Consideration paid for contract and to whom. If the consideration paid was not in cash complete description of consideration and manner of arriving at the value thereof should be furnished. The information submitted under paragraphs "1" and "2" should cover the entire amount of \$3,053,391.53, claimed as the cost of "Gas Sales and Purchase Contracts" as of January 1, 1936 and additional costs in the years 1936, 1937 and 1938.

3. Map showing rights-of-way held as of January 1, 1936 and pipe lines as of the same date, with additions for each of the years 1936, 1937 and 1938. An accompanying schedule should set forth the term of any of these rights-of-way that are for periods of less than 40 years.

4. With regard to each of the following depreciable asset accounts, Nos. 203, 211, 237, 238, 239, 240, 241, 242, 243, 282 and "Gas Sales and Purchase Contracts", statement of the evidence supporting the respective depreciation rates which were claimed in the amended 1936 return.

5. In the cases of depreciable assets sold, scrapped or otherwise disposed of up to December 31, 1936, record by accounts, by years, in dollars, showing:

(a) Total book cost (undepreciated) of assets disposed of

(b) Amounts charged to depreciation reserves as representing losses sustained on basis of difference between depreciated cost and salvage value of assets disposed of, if any.

(c) Amounts charged to depreciation reserves as representing the accumulated depreciation on the particular assets

(d) Amounts charged to profit and loss, if any

The "Registration Statement, under Securities Act of 1933" submitted by you to the Securities and Exchange Commission on February 12, 1937, in connection with the proposed issuance of \$24,000,000 Principal amount, First Mortgage and First Lien Bonds, Series A, 4%, due March 1, 1952, contains the following comparison between deductions for depreciation accrued on your books and depreciation deducted in income tax returns:

[ol: 15946]

Period	Depreciation per* Federal Income Tax Returns	Provisions for Retirements and Renewals Charged to Income and Clearing Accounts
Year ended —		
March 31, 1931	\$ 77,430 13	\$ 65,686 42
March 31, 1932	646,297 16	220,240 26
Nine months ended —		
December 31, 1932	887,779 34	230,166 78
Year ended —		
December 31, 1933	1,185,674 89	446,049 06
December 31, 1934	927,286 30	436,576 81
December 31, 1935	923,829 05	432,964 22

*Exclusive of Depreciation "Gas Sales and Purchase Contracts"

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It is requested that you submit a detailed statement by accounts, by years, of the amounts making up the totals of "Provisions for Retirements and Renewals Charged to Income and Clearing Accounts" with detailed explanations as to the reasons for the differences between the amounts thus listed and the amounts deducted in income tax returns. This statement should also include the year 1936.

Very truly yours,

J. P. WENCHEL,
Chief Counsel

[fol. 15947] Panhandle Eastern Pipe Line Company

August 21, 1940

Registered Mail
Return Receipt Requested.

Mr. J. P. Wenchel, Chief Counsel,
Bureau of Internal Revenue,
Treasury Department,
Washington, D. C.

Dear Sir:

Overassessment of Federal Income Tax

For the Year 1936

GC:R:MFK

CL-336576

The additional information you recently requested to enable you to approve the overassessment of Federal Income Tax against this Company for the year 1936, is enclosed.

The lists, tables, maps and explanations requested are all indicated by item numbers to conform to your letter dated April 11, 1940.

This matter has been pending for some time now and we sincerely trust this rather voluminous additional data

will be sufficient to enable you promptly to execute the certificate of overassessment.

Yours very truly,

LEITH V. WATKINS,
Secretary-Controller.

LVW:mem

cc-Mr. N. F. Paxton

Arthur Andersen & Co.

Item 1 Of Letter Dated April 11, 1940.

(G.C. R: MFN (CL-336576)

Summary Of Gas Purchase Contracts

Panhandle Eastern Pipe Line Company

	Detail on		Consideration		
	List	Sheets No.	Acres	Cash	Other Total
Gas purchase contracts acquired from Missouri-Kansas Pipe Line Company September 1, 1930	A	1 to 18	50 851 15	—	(1) (1)
	B	1 to 20	144 437 80	—	(2) (2)
Gas purchase contracts acquired subsequent to September 1, 1930 and prior to December 31, 1938					
Totals			195 288 95		

Notes:

- (1) These gas purchase contracts were acquired by Panhandle Eastern Pipe Line Company on September 1, 1930 with certain gas sale contracts (shown on separate lists, see Item 2) from the predecessor company, Missouri-Kansas Pipe Line Company, as a contribution of capital, upon which the Board of Directors of Panhandle Eastern Pipe Line Company placed a fair market value of \$2,398,402.19.
- (2) These gas purchase contracts were acquired by Panhandle Eastern Pipe Line Company subsequent to September 1, 1930 and prior to December 31, 1938, direct from the sellers. The cost of acquisition of these contracts was not capitalized.

[fol. 15949]

Item 2 Of Letter Dated April 11, 1940

(GC: R: MFK CL-336576)

Summary Of Gas Sale Contracts
Panhandle Eastern Pipe Line Company

	Detail on Sheets No.	Number of Contracts	Consideration		
			Cash	Other	Total
Gas sale contracts acquired from Missouri-Kansas Pipe Line Company September 1, 1930:	1 & 2	23	—	(1)	(1)
Gas sale contracts acquired May 19, 1930 to March 31, 1932 for Cash consideration	2 & 3	6	\$ 654 989 34	—	\$ 654 989 34
Gas sale contracts acquired Septem- ber 20, 1930 to December 31, 1938	3 & 4	21	—	(2)	(2)
Gas sale contracts acquired after January 1, 1936 for cash consider- ation:					
Costs incurred in 1936	3	1	371 076 00	—	371 076 00
Costs incurred in 1937	3	1	16 940 00	—	16 940 00
Costs incurred in 1938	4	2	76 649 11	—	76 649 11
Totals		54	\$1 119 654 45	(1)&(2)	\$1 119 654 45

Notes:

- (1) These gas sale contracts were acquired by Panhandle Eastern Pipe Line Company on September 1, 1930 with certain gas purchase contracts (shown on separate lists, see Item 1) from the predecessor company, Missouri-Kansas Pipe Line Company, as a contribution of capital, upon which the Board of Directors of Panhandle Eastern Pipe Line Company placed a fair market value of \$2,398,402.19.
- (2) These gas sale contracts were acquired by Panhandle Eastern Pipe Line Company subsequent to September 20, 1930 and prior to December 31, 1938, direct from the buyers. The cost of acquisition of these contracts was not capitalized.

Recapitulation Of Cost Of Gas Sale And Purchase Contracts

	Consideration		
	Cash	Other	Total
Gas sale and purchase contracts acquired from Missouri-Kansas Pipe Line Company-Septem- ber 1, 1930	—	\$2 398 402 19	\$2 398 402 19
Gas sale contracts acquired May 19, 1930 to March 31, 1932	\$ 654 989 34	—	654 989 34
Total cost of gas sale and purchase con- tracts at January 1, 1936	\$ 654 989 34	\$2 398 402 19	\$3 053 391 53
Gas sale contracts acquired subsequent to January 1, 1936 as follows:			
Year 1936	\$ 371 076 00	—	371 076 00
Year 1937	16 940 00	—	16 940 00
Year 1938	76 649 11	—	76 649 11
Total cost of gas sale and purchase con- tracts at December 31, 1938	\$1 119 654 45	\$2 398 402 19	\$3 518 056 64

ITEM 2 OF LETTER DATED APRIL 11, 1940

(GC: R: MFK CL-336576)

LIST OF GAS SALE CONTRACTS ACQUIRED FROM MAY 19, 1930 TO DECEMBER 31,
PANHANDLE EASTERN PIPE LINE COMPANY

Date of Contract	Contracting Parties		Duration of Contract	Commodity Sold	Territory Covered	Terms of Contract
	Buyer	Seller				
3/20/29	American Pipe Line Co. Kansas City, Missouri	Missouri-Kansas Pipe Line Company	12 years	Natural Gas	Kansas City, Missouri	Sale of up to 12,000, cu. ft. daily for re
3/20/29	Cities Service Gas Co. Kansas City, Missouri	Missouri-Kansas Pipe Line Company	12 years	" "	Ottawa, Kansas	Daily domestic requir ments of Ottawa
12/26/28	Jackson County Light, Heat & Power Co., Independence, Missouri	Missouri-Kansas Pipe Line Company	5 yrs. with option of ad- ditional 5 yrs. with buyer	" "	Independence & Sugar Creek, Mo. & environs	Entire daily require- ments for re-sale
5/ 9/28	Louisburg Gas Company Louisburg, Kansas	Missouri-Kansas Pipe Line Company	As long as gas available from local field	" "	Louisburg, Kansas	Entire daily domestic quirements
12/ /27	Miami County Gas Co. Kansas City, Missouri	Jacob Weisser Westline, Missouri	Indefinite duration	" "	Paola and Osawatomie, Kansas	Requirements of Paola- Osawatomie
11/14/26	Illinois Power & Light Co. Jacksonville, Illinois	Meridian Oil & Gas Co., Pittsburgh, Pa.	10 years	" "	Jacksonville, Illinois	Amount required for ing with manufactured
12/11/26	City of Chanute Chanute, Kansas	Willis Brothers Chanute, Kansas	As long as com- mercial produc- tion in Chanute field	" "	Chanute, Kansas	All gas that can be d livered up to entire quirements
4/13/28	Midwest Gas Corp. Neodesha, Kansas	Willis Gas Company Chanute, Kansas	60 days & as long thereafter as mutually satisfactory	" "	Neodesha, Kansas	Surplus gas up to reo ments of Midwest Gas
5/29/28	Shippey, Maddin and Parish Kansas City, Missouri	Missouri-Kansas Pipe Line Company	As long as com- mercial produc- tion in local fields	" "	Belton, Grandview, Mar- tin City, Raymore, Pleasant Hill, Lees Summit, Greenwood, Pe- culiar, Harrisonville, Cleveland, West Line, Drexel & Freeman, Mo.	Up to entire requiren of all towns and cit served.
3/6/23	Prairie Pipe Line Co. Independence, Kansas	Arthur Barnes, Greeley, Kansas, Frank Barnes, Tulsa, Oklahoma	Indefinite-can be cancelled on 6 mos. notice	" "	Pump station at Gree- ley, Kansas	Natural gas for fuel quirements at pump st tion
5/12/30	Johnson County Brick Co. Knobnoster, Missouri	Missouri-Kansas Pipe Line Company	5 yrs. from January 1, 1931	" "	Brick plant at Knob- noster, Missouri	Entire industrial gas fuel requirements

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9, 1930 TO DECEMBER 31, 1933

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Terms of Contract	A c q u i r e d		Consideration		
	Date	From Whom	Cash	Other	Total
Sale of up to 12,000,000 cu. ft. daily for re-sale	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Daily domestic requirements of Ottawa	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire daily requirements for re-sale	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire daily domestic requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Requirements of Paola and Osawatomie	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Amount required for blending with manufactured gas	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
All gas that can be delivered up to entire requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Surplus gas up to requirements of Midwest Gas Corp.	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Up to entire requirements of all towns and cities served.	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Natural gas for fuel requirements at pump station	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)

Date of Contract	Contracting Parties		Duration of Contract	Commodity Sold	Territory Covered	Terms of Contract	A c c t	
	Buyer	Seller					Date	
5/20/30	Missouri Fire Brick Co. Vandalia, Missouri	Missouri-Kansas Pipe Line Company	10 yrs. from January 1, 1931	Natural Gas	Fire brick plant at Vandalia, Missouri	Entire industrial gas fuel requirements	9/ 1/30	Mis
6/ 3/30	Edwards-Conley Brick & Tile Co., Columbia, Mo.	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Brick & tile plant at Columbia, Mo.	Entire industrial gas fuel requirements	9/ 1/30	Mis
6/ 5/30	Consolidated Cement Corp. Chicago, Illinois	Missouri-Kansas Pipe Line Company	5 yrs. from October 5, 1930	" "	Kilns at Mildred, Kansas plant	Entire industrial gas fuel requirements	9/ 1/30	Mis
6/18/30	Harbison-Walker Ref. Co. Pittsburgh, Pa.	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Brick plants at Ful- ton & Vandalia, Mo.	Entire industrial gas fuel requirements	9/ 1/30	Mis
7/15/30	Fayette Brick & Tile Co. Fayette, Missouri	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Brick plant at Fayette, Missouri	Entire industrial gas fuel requirements	9/ 1/30	Mis
7/21/30	Mexico Refractories Co. Mexico, Missouri	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Brick plant north of Mexico, Missouri	Entire industrial gas fuel requirements	9/ 1/30	Mis
7/14/30	The Gregory Laboratory White Hall, Illinois	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Laboratory at White Hall, Illinois	Entire industrial gas fuel requirements	9/ 1/30	Mis
5/23/30	Illinois-China Co. Lincoln, Illinois	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	China Ware Pottery plant at Lincoln, Ill.	Entire industrial gas fuel requirements	9/ 1/30	Mis
6/26/30	The Morton Pottery Co. Morton, Illinois	Missouri-Kansas Pipe Line Company	5 yrs. from May 1, 1931	" "	Pottery plant at Morton, Illinois	Entire industrial gas fuel requirements	9/ 1/30	Mis
6/19/30	Poston Springfield Brick Co., Springfield, Illinois	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Brick plant in Springfield, Illinois	Entire industrial gas fuel requirements	9/ 1/30	Mis
6/25/30	Springfield Clay Products Springfield, Illinois	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Clay products plant in Springfield, Ill.	Entire industrial gas fuel requirements	9/ 1/30	Mis
7/30/30	Western Brick Company Danville, Illinois	Missouri-Kansas Pipe Line Company	10 yrs. from Jan. 1, 1931	" "	Brick plants in Danville, Illinois	Entire industrial gas fuel requirements	9/ 1/30	Mis
5/19/30	Missouri Power & Light Co. Kansas City, Missouri	Panhandle Eastern Pipe Line Company	20 years	" "	15 cities & towns in Mo., including Boon- ville, Jefferson City, and Mexico	Natural gas for re-sale up to requirements for cities & towns served	5/19/30	Bu
5/29/30	Illinois Power & Light Co. Chicago, Illinois	Panhandle Eastern Pipe Line Company	20 years	" "	Champaign, Urbana, Dan- ville, Decatur, Jackson- ville, & Clinton, Ill.	Natural gas for re-sale up to requirements for cities & towns served	5/19/30	Bu

Terms of Contract	A c q u i r e d		Consideration		
	Date	From Whom	Cash	Other	Total
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Entire industrial gas fuel requirements	9/ 1/30	Missouri-Kansas Pipe Line Company	-	(1)	(1)
Natural gas for re-sale up to requirements for cities & towns served	5/19/30	Buyer			
Natural gas for re-sale up to requirements for cities & towns served	5/19/30	Buyer			
			\$556 736 30	-	\$556 736 30

(20)

<u>Date of Contract</u>	<u>Contracting Parties</u> <u>Buyer</u>	<u>Seller</u>	<u>Duration of Contract</u>	<u>Commodity Sold</u>	<u>Territory Covered</u>	<u>Terms of Contract</u>	<u>A Date</u>
6/19/30	Peoria Malleable Castings Co., Peoria, Illinois	Missouri-Kansas Pipe Line Company	10 years	Natural Gas	Plant at Peoria, Ill.	Gas for industrial use	9/ 1/
6/12/30	Keystone Steel & Wire Co. Bartonville, Illinois	Missouri-Kansas Pipe Line Company	10 years	" "	Plant at Bartonville, Illinois	Gas for industrial use	9/ 1/
6/20/30	Caterpillar Tractor Co. Peoria, Illinois	Missouri-Kansas Pipe Line Company	5 years	" "	Plant at Peoria, Ill	Gas for industrial use	9/ 1/
6/20/30	R. Herschel Mfg. Co. Peoria, Illinois	Missouri-Kansas Pipe Line Company	5 years	" "	Plant at Peoria, Ill.	Gas for industrial use	9/ 1/
- Payroll and expense in connection with securing gas sale and purchase contracts between January 1, 1931 and March 31, 1932							-
2/6/31	American Gas Company Bartlesville, Oklahoma	Panhandle Eastern Pipe Line Company	10 yrs. from May 5, 1931	Natural Gas	Hartford, Waverly, & Williamsburg, Kansas	Entire gas requirements	2/ 6/
1/18/29	Arthur K. Lee, Trustee	W. L. Sidwell & W. M. McNabb, Winfield, Kansas	20 years	" "	Dodge City, Garden City & 13 other cities and towns in Kansas	Entire gas requirements for cities & towns served	10/31/
12/23/30	Bowling Green Gas Co. Bowling Green, Mo.	Panhandle Eastern Pipe Line Company	10 yrs. from May 14, 1931	" "	Bowling Green, Mo.	Entire gas requirements	12/23/3
11/ 4/35	Central West Utility Co. Kansas City, Missouri	Panhandle Eastern Pipe Line Company	10 yrs. from Jan. 1, 1936	" "	Avondale, Smithville & Liberty, Missouri	At least 75% of annual gas requirements	11/ 4/3
4/ 2/31	Citizens' Gas Company Hannibal, Missouri	Panhandle Eastern Pipe Line Company	10 yrs. from Sept. 25, 1931	" "	Hannibal, Missouri	Entire gas requirements	4/ 2/3
2/ 6/33	Freiling Greenhouse Hannibal, Missouri	Panhandle Eastern Pipe Line Company	2 years	" "	Greenhouse at Hannibal, Missouri	Entire gas fuel requirements	2/ 6/3
11/30/35	City of Fulton Fulton, Missouri	Panhandle Eastern Pipe Line Company	10 yrs. from May 13, 1936	" "	Fulton, Missouri	Entire gas requirements	11/30/3
5/ 1/38	Interstate Gas Company Harrisonville, Missouri	Panhandle Eastern Pipe Line Company	1 year	" "	Harrisonville, Mo.	50% of annual gas requirements	5/ 1/3
3/ 5/31	John J. Graffin Iola, Kansas	Panhandle Eastern Pipe Line Company	10 yrs. from Aug. 26, 1931	" "	Kincaid and Mildred, Kansas	Entire gas requirements	3/ 5/3
1/27/31	Lees Summit Gas Co. Lees Summit, Missouri	Panhandle Eastern Pipe Line Company	4 months	" "	Lees Summit, Missouri	Gas requirements	1/27/3
8/31/35	Michigan Consolidated Gas Co., Detroit, Michigan	Panhandle Eastern Pipe Line Company	15 yrs. from Jan. 1, 1937	" "	Detroit, Michigan	Gas requirements	8/31/3
7/31/36	Michigan Gas Transmission Corp., Detroit, Michigan	Panhandle Eastern Pipe Line Company	5 years	" "	Indiana and Ohio	All requirements of 10 distributing companies & industrial customers	7/31/3

Terms of Contract	A c q u i r e d		Consideration		
	Date	From Whom	Cash	Other	Total
Gas for industrial use	9/ 1/30	Missouri-Kansas Pipe Line Company			
Gas for industrial use	9/ 1/30	Missouri-Kansas Pipe Line Company	\$ 85 500 00	-	\$ 85 500 00
Gas for industrial use	9/ 1/30	Missouri-Kansas Pipe Line Company			
Gas for industrial use	9/ 1/30	Missouri-Kansas Pipe Line Company			
1931 and March 31, 1932	-	-	12 703 04	-	12 703 04
Entire gas requirements	2/ 6/31	Buyer	-	(2)	(2)
Entire gas requirements for cities & towns served	10/31/36	Texas-Interstate Pipe Line Co. (a subsidiary)	-	(2)	(2)
Entire gas requirements	12/23/30	Buyer	-	(2)	(2) (21)
At least 75% of annual gas requirements	11/ 4/35	"	-	(2)	(2)
Entire gas requirements	4/ 2/31	"	-	(2)	(2)
Entire gas fuel requirements	2/ 6/33	"	-	(2)	(2)
Entire gas requirements	11/30/35	"	-	(2)	(2)
50% of annual gas requirements	5/ 1/38	"	-	(2)	(2)
Entire gas requirements	3/ 5/31	"	-	(2)	(2)
Gas requirements	1/27/31	"	-	(2)	(2)
Gas requirements	8/31/35	"	371 076 00	-	371 076 00
All requirements of 10 distributing companies & industrial customers	7/31/36	"	16 940 00	-	16 940 00

Date of Contract	Contracting Parties		Duration of Contract	Commodity Sold	Territory Covered	Terms of Contract	A Date
	Buyer	Seller					
10/ 1/36	Michigan Gas Transmission Corp., Detroit, Michigan	Panhandle Eastern Pipe Line Company	15 years	Natural Gas	Indiana	All requirements of four Indiana Public Service Companies	10/ 1
9/20/30	Missouri Edison Company Louisiana, Missouri	Panhandle Eastern Pipe Line Company	10 yrs. from Aug. 31, 1931	" "	Louisiana, Missouri & vicinity	Entire gas requirements	9/20
3/17/31	Missouri Utilities Co. Columbia, Missouri	Panhandle Eastern Pipe Line Company	10 yrs. from July 23, 1932	" "	Columbia and California, Missouri	Entire gas requirements	3/17
12/23/30	Panhandle Power & Light Co., Gruver, Texas	Panhandle Eastern Pipe Line Company	10 yrs. from Mar. 17, 1931	" "	Gruver, Texas	At least 75% of daily requirements	12/23
11/ 6/35	Phillips Pipe Line Co. Bartlesville, Oklahoma	Panhandle Eastern Pipe Line Company	5 1/2 years	" "	5 pump stations in Kansas and Missouri	Entire gas fuel requirements	11/ 6
7/27/31	United Brick & Tile Co. Kansas City, Missouri	Panhandle Eastern Pipe Line Company	2 years	" "	Brick plant at Vale, Missouri	Fuel requirements	7/27
6/17/36	Kentucky Natural Gas Co. Owensboro, Kentucky	Panhandle Eastern Pipe Line Company	15 years	" "	Towns in Indiana and Kentucky	Requirements up to 140,000 therms per day.	6/17
1/14/33	Universal Atlas Cement Co. Chicago, Illinois	Panhandle Eastern Pipe Line Company	21 mos. from Feb. 1, 1933	" "	Cement plant at Hannibal, Missouri	Entire gas fuel requirements	1/14
12/ 5/31	Wellsville Fire Brick Co. Wellsville, Missouri	Panhandle Eastern Pipe Line Company	3 years	" "	Brick plant near Wellsville, Missouri	Entire fuel requirements except boiler fuel	12/ 5
2/ 1/34	The LaCygne Gas Co. LaCygne, Kansas	Panhandle Eastern Pipe Line Company	As long as commercial production	" "	LaCygne, Kansas	Requirements over and above buyer's own supply	2/
2/ 3/36	Osawatimie State Hospital Osawatimie, Kansas	Panhandle Eastern Pipe Line Company	One year from Jan. 1, 1936	" "	State Hospital at Osawatimie, Kansas	Entire requirements	2/ 3
5/13/32	Kansas Gas & Gasoline Co. Topeka, Kansas	Panhandle Eastern Pipe Line Company	Month-to-month cancellable by*	" "	Various	For re-sale by buyer to another company	5/13

Notes:

- (1) These gas sale contracts were acquired by Panhandle Eastern Pipe Line Company on September 1, 1930 with certain gas purchase the predecessor company, Missouri-Kansas Pipe Line Company, as a contribution of capital, upon which the Board of Directors of market value of \$2,398,402.19.
- (2) These gas sale contracts were acquired by Panhandle Eastern Pipe Line Company subsequent to September 20, 1930 and prior to the acquisition of these contracts was not capitalized.

* Should read "Cancellable by 60 day notice."

Terms of Contract	A c q u i r e d		Consideration		
	Date	From Whom	Cash	Other	Total
All requirements of four Indiana Public Service Companies	10/1/36	Buyer	\$ 76 009 48	-	\$ 76 009 48
Entire gas requirements	9/20/30	"	-	(2)	(2)
Entire gas requirements	3/17/31	"	-	(2)	(2)
At least 75% of daily requirements	12/25/30	"	-	(2)	(2)
Entire gas fuel requirements	11/6/35	"	-	(2)	(2)
Fuel requirements	7/27/31	"	-	(2)	(2)
Requirements up to 140,000 therm day	6/17/38	"	639 63	-	639 63
Entire gas fuel requirements	1/14/33	"	-	(2)	(2)
Entire fuel requirements except boiler fuel	12/5/31	"	-	(2)	(2)
Requirements over and above buyer's own supply	2/ /34	"	-	(2)	(2)
Entire requirements	2/ 3/36	"	-	(2)	(2)
For re-sale by buyer to another company	5/13/32	"	-	(2)	(2)

1930 with certain gas purchase contracts (shown on separate lists, see Item I) from which the Board of Directors of Panhandle Eastern Pipe Line Company placed a fair

September 20, 1930 and prior to December 31, 1931, direct from the buyers. The cost

[fol. 15954] Treasury Department

Washington

October 3, 1940

Office of
Chief Counsel
Bureau of
Internal Revenue(Received October 7, 1940
Treasury Department)GC:R:MFK
CI-336576Panhandle Eastern Pipe Line Company,
300 Fairfax Building,
Kansas City, Missouri.

Dear Sirs:

Further reference is made to the consideration of a proposed certificate of overassessment for the calendar year 1936. Review of the schedules submitted with your letter of August 21, 1940 discloses that additional information will be necessary in order to pass on the merits of your claim. It is accordingly requested that you submit the following data at your earliest possible convenience in order that the matter may be disposed of expeditiously:

1. Complete details of the valuations by the Board of Directors of Panhandle Eastern Pipe Line Company of:

(a) The individual gas purchase contracts, and

(b) The individual gas sale contracts acquired from Missouri-Kansas Pipe Line Company on September 1, 1930, accompanied by record of comparable sales and other evidence serving as the basis for such valuations.

2. The statements accompanying the lists of gas purchase contracts and gas sale contracts acquired subsequent to September 20, 1930 and prior to December 31, 1938,

Item 1, List B, and Item 2, Sheets 3 and 4, attached to your letter of August 21, 1940, set forth that "The cost of acquisition of these contracts was not capitalized." It is requested that you submit a detailed statement for each of the years 1930 to 1938, inclusive, of all costs incurred in obtaining these contracts, setting out the manner in which such costs were charged to expense.

[fol. 15955] 3. The list of gas sale contracts (Item 2), attached to your letter of August 21, 1940, does not show under "Terms of Contract" the agreed selling price or prices of the gas engaged to be sold. It is requested that this information be furnished.

Very truly yours,

J: P. WENCHEL,
Chief Counsel.

[fol. 15956] Panhandle Eastern Pipe Line Company

February 24, 1941

Registered Mail
Return Receipt Requested

Mr. J. P. Wenchel, Chief Counsel,
Bureau of Internal Revenue,
Treasury Department,
Washington, D. C.

Dear Mr. Wenchel:

Overassessment of Federal Income Tax

For the Year 1936

GC:R:MEK

CL-336576

The additional information requested in your letter dated October 3, 1940, to enable you to approve the over-assessment of Federal Income Tax against this Company for year 1936, is enclosed.

The tables, explanations and comments are indicated by item numbers to conform to your request.

Yours very truly,

LEITH V. WATKINS,
Secretary-Controller.

LVW:HA

cc-Mr. N. F. Paxton

Arthur Andersen & Co., KCO

[fol. 15957] Item No. 1 of Letter Dated October 3, 1940
(GC. R: MFK CL-336576)

The Details of the Valuations of
(a) The Individual Gas Purchase Contracts
and (b) the Individual Gas Sale Contracts
Acquired by Taxpayer from
Missouri-Kansas Pipe Line Company
on September 1, 1930

The aggregate value of the gas sale and purchase contracts acquired from Missouri-Kansas Pipe Line Company on September 1, 1930, together with other assets acquired as at the same date, was determined by the sale by Missouri-Kansas Pipe Line Company, through which these contracts were acquired by the Taxpayer. A recital of further particulars follows:

In 1930, the Taxpayer (a wholly-owned subsidiary of Missouri-Kansas Pipe Line Company) was engaged in the construction of a natural gas pipe line from Texas to Illinois which construction was being financed by Missouri-Kansas Pipe Line Company. In connection with the financing, as of September 30, 1930, a three party contract was entered into by Missouri-Kansas Pipe Line Company, the National City Company and Columbia Oil & Gasoline Corporation which provided, among other things, for the following:

Missouri-Kansas Pipe Line Company would (a) transfer to Taxpayer certain of its properties and assets as of September 1, 1930; (b) cancel any obligation or debt to it owing by Taxpayer or its subsidiary companies at that date; and (c) pay all other debts and obligations of Taxpayer and its subsidiaries existing at that date.

Columbia Oil & Gasoline Corporation would purchase from Missouri-Kansas Pipe Line Company 5,000 shares (50% of the total outstanding stock) of the common stock of the Taxpayer. The consideration for such stock was to be one-half of the aggregate of (a) the cash investment of Missouri-Kansas in Taxpayer and its subsidiaries; (b) the amount of obligations and debts of Taxpayer and its subsidiaries to be liquidated by Missouri-Kansas; (c) the agreed value, \$7,333,000, of the property and other assets to be transferred by Missouri-Kansas to Taxpayer; and (d) interest on certain of these items.

By supplemental agreement dated October 23, 1930 it was agreed that the purchase price per share was to be computed exactly as set forth above except that the figure of \$7,333,000 was to be reduced to \$6,453,000 and the computation of interest was to be correspondingly adjusted.

[fol. 15958] The property and assets of Missouri-Kansas Pipe Line Company which were to be transferred to the Taxpayer and which were valued at \$6,453,000 for the purpose of computing the price to be paid by Columbia Oil & Gasoline Corporation for 50% of the stock of Taxpayer, were carried on the books of Missouri-Kansas Pipe Line Company as follows:

Property, plant and equipment (including construction work in progress)	\$2,417,948.52
Gas purchase and sale contracts	1,106,250.00
Investment in affiliated companies	913,831.42
Materials and supplies	46,140.41
Inter-company accounts receivable	476,513.89
Prepaid accounts	3,565.19
Total	<u>\$4,964,249.43</u>

In determining the values to be placed on the respective items on the books of Taxpayer, it was recognized that the property had been but recently acquired or constructed and market value would therefore closely approximate the costs expended; that the investment in affiliated companies should be stated according to the companies' net worth at that date and that materials and supplies and inter-company accounts were equivalent in value to their

face amount. Therefore, in determining such values, the distribution of the cost established by the contract was as follows:

Total agreed consideration as per contract of September 17, 1930 as amended October 23, 1930	\$6,453,000.00
Deduct—Current liabilities of the four subsidiary companies acquired	170,178.75
Total	<u>\$6,282,821.25</u>

Values assigned to assets acquired—Property, plant and equipment, as above	\$2,417,948.52
Investment in affiliated companies, at net worth of companies at that date	940,251.05
Materials and supplies, as above	46,140.41
Inter-company accounts receivable, as above	476,513.89
Prepaid accounts, as above	3,565.19
Gas sales and purchase contracts	<u>2,398,402.19</u>
Total, as above	<u>\$6,282,821.25</u>

[fol. 15959] This valuation of assets was adopted by the Board of Directors on February 3, 1931 as follows:

"The Chairman stated that on October 23, 1930, the Company had acquired from Missouri-Kansas Pipe Line Company without cost to the Company, certain physical property, gas purchase and sale contracts, stocks of subsidiary companies, supplies, accounts receivable from subsidiary companies and prepaid accounts, subject to the assumption of accrued taxes and deferred liabilities on the Jacksonville property. He stated that it was desirable for the Board to place a valuation on the property so acquired to guide the Treasurer in setting up the acquisition on the books. He submitted a proposed valuation prepared by the Treasury Department and explained in detail how the valuation was arrived at. Said proposed valuation was as follows:

Property, Plant and Equipment		\$2,197,475.40
Purchase and Sales Contracts		2,398,402.19
Total Property, Plant and Equipment		4,595,877.59
Construction Work in Progress		220,473.12
Total Fixed Capital		4,816,350.71
Investments in Affiliated Companies:		
Missouri-Kansas Gas Company	\$627,661.22	
Central States Gas Utilities Co.	112,420.74	
J. D. Judd and Company (51%)	35,266.72	
Shale Gas Corporation (51%)	164,902.37	940,251.05
General Supplies		46,140.41
Inter-Company Accounts:		
Notes Receivable:		
J. D. Judd and Company	57,500.00	
Accounts Receivable:		
Central States Gas Utilities Co.	16,094.21	
Missouri-Kansas Gas Company	387,564.75	
J. D. Judd and Company	10,354.93	
Missouri-Kansas Gas Company	5,000.00	476,513.89
Prepaid Accounts		3,565.19
Total Assets		\$6,282,821.25
Less Liabilities Assumed:		
Accrued Taxes	\$ 14,066.06	
Deferred Liabilities, Jacksonville Property	18,569.56	32,635.62
Net Value Of Property Received		\$6,250,185.63

"After discussion on motion duly made and seconded, and unanimously carried, the Treasurer was authorized to enter the acquisition on the books of the Company accordingly."

[fol. 15960] It will be noted from the foregoing that the value of the gas sale and purchase contracts, together with the value of other assets acquired, was determined by the sale agreement dated September 30, 1930, as amended, and that the valuations affirmed by the Board of Directors of Taxpayer were in agreement therewith. Taxpayer has no record of valuations assigned to individual gas sale and purchase contracts.

[fol. 15961] Item No. 2 of Letter Dated October 3, 1940
(GC: R: MFK CL-336576)

Statement Pertaining to Cost of Acquisition of Gas Purchase and Sale Contracts, Subsequent to September 1, 1930, and Prior to December 31, 1938

Taxpayer regrets that the wording, "The costs of acquisition of these contracts was not capitalized" in its letter dated August 21, 1940, was not clearly understandable and was such as to imply that consideration for gas purchase and sale contracts was charged to expense for certain periods and capitalized in other periods.

The contracts herein in question were acquired directly by the Taxpayer through the services of its regular employees in the Land, Industrial Sale and Business Promotion Departments. No consideration was paid for the acquisition of such contracts and the only costs which might be considered incident thereto would be automobile expense, traveling expense, telephone and telegraph expense, etc., and the portion of the salaries of employees which might be allocated in relation to the actual time spent in securing such contracts.

Such costs, in any event, could be considered only as overheads applicable to such contracts and not a party of consideration given therefor. The accounting procedures of Taxpayer did not provide for capitalization of such overheads subsequent to completion of construction of its original pipe line.

It is submitted by the Taxpayer that this policy of not making an attempt to capitalize and subsequently amortize such overheads has worked to the disadvantage of Taxpayer for tax purposes as most of the costs were incurred in loss years and the amortization would be available in subsequent profitable years. If it is the desire of the Treasury Department that costs of such nature should be capitalized and amortized over a reasonable number of subsequent years Taxpayer would be pleased to attempt to prepare an estimate of such costs, either on its own initiative or in collaboration with representatives of the Treasury Department.

[fol. 15962]

(Exhibit 220.)

Panhandle Eastern Pipe Line Company

Excerpts from Minutes of Meetings of Board of Directors,
Relating to Provisions for Depreciation, Depletion
and Amortization

Excerpt from Minutes of Meeting of Board of Directors

[fol. 15963]

February 24, 1942

Panhandle Eastern Pipe Line Company

Provision for Depreciation, Depletion and Amortization
(other than Amortization of Gas Sales and Pur-
chase Contracts) for the Year 1942

The Chairman stated that it was in order for this Board to consider and act upon the Annual Provision for Depreciation, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) for the year 1942. After discussion, on motion duly made and seconded, the proper officers of the Company were unanimously authorized and directed to cause an Annual Provision for Depreciation, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) of Panhandle Eastern Pipe Line Company and Illinois Natural Gas Company for the year 1942 to be made out of earnings on the basis of the present estimated volume of sales in an amount of approximately \$2,200,000, which amount is not to be confused with the amount claimed for this purpose for Federal Income Tax purposes.

[fol. 15964]

Excerpt from Minutes of Board of Directors
Meeting, January 25, 1941

Panhandle Eastern Pipe Line Company

Provision for Depreciation, Depletion and Amortization
(other than Amortization of Gas Sales and Pur-
chase Contracts) for the Year 1941

The Chairman stated that it was in order for this Board to consider and act upon the Annual Provision for Depreciation, Depletion and Amortization (other than

Amortization of Gas Sales and Purchase Contracts) for the year 1941. After discussion, on motion duly made and seconded, Messrs. Robert J. Bulkley, A. Feison Dixon and William G. Maguire not voting, the proper officers of the Company were authorized and directed to cause an Annual Provision for Depreciation, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) of Panhandle Eastern Pipe Line Company and Subsidiary Companies for the year 1941 to be made out of earnings on the basis of the present estimated volume of sales in an amount of approximately \$2,100,000, which amount is not to be confused with the amount claimed for this purpose for Federal Income Tax purpose.

[fol. 15965] Excerpt from Minutes of Board of Directors Meeting, December 14, 1939

Panhandle Eastern Pipe Line Company

Provision for Renewals, Retirements, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) for the Year 1940

The Chairman stated that it was in order for this Board to consider and act upon the Annual Provision for Renewals, Retirements, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) for the year 1940. After discussion, on motion duly made and seconded, the proper officers of the Company were unanimously authorized and directed to cause an Annual Provision for Renewals, Retirements, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) of Panhandle Eastern Pipe Line Company and Subsidiary Companies for the year 1940 to be made out of earnings on the basis of the present estimated volume of sales in an amount of approximately \$1,900,000, which amount is not to be confused with the amount claimed for this purpose for Federal Income Tax purposes.

[fol. 15966] Excerpt From Minutes of Board of Directors
Meeting December 22, 1937

Panhandle Eastern Pipe Line Company

After full discussion during which Mr. Creveling described the items in further detail, on motion duly made and seconded, the 1938 Annual Ordinary Construction and Retirement Budgets of this Company, as above set forth were unanimously approved, and the 1938 Annual Ordinary Construction and Retirement Budgets for the respective Subsidiary Companies were unanimously recommended to their respective Boards for approval.

Provision for Renewals, Retirements, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) for the Year 1938

The Chairman stated that it was in order for this Board to consider and act upon the Annual Provision for Renewals, Retirements, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) for the year 1938. After discussion, on motion duly made and seconded, the proper officers of the Company were unanimously authorized and directed to cause an Annual Provision for Renewals, Retirements, Depletion and Amortization (other than Amortization of Gas Sales and Purchase Contracts) of Panhandle Eastern Pipe Line Company and Subsidiary Companies for the year 1938 to be made out of earnings on the basis of the present estimated volume of sales in an amount of approximately \$1,700,000, which amount is not to be confused with the amount claimed for this purpose for Federal Income Tax purposes.

[fol. 15967] Excerpt From Minutes of Board of Directors
Meeting February 13, 1936

Panhandle Eastern Pipe Line Company

Minutes of a Special Meeting of the Board of Directors of Panhandle Eastern Pipe Line Company, held at No. 61

Broadway, New York, N. Y., at 11:00 o'clock A. M. on Thursday, February 13, 1936, pursuant to due notice.

Present:

Messrs. Gano Dunn,
James L. Harrop,
Dean Mathey,
William P. Philips and
Harold F. Reindel,

being a majority of the Directors and constituting a quorum.

The President, Mr. William P. Philips, presided, and Mr. Leith V. Watkins, Secretary of the Company, acted as secretary of the meeting.

The Secretary stated that notice of the meeting had been mailed to each Director at least 5 days before the time fixed for the meeting.

Minutes of Last Preceding Meetings

On motion duly made and seconded, the reading of the minutes of the last preceding meetings of the Board, held February 4, 1936 and January 31, 1936, was dispensed with.

Report of Action Since Previous Meetings

The Secretary then reported the status of matters authorized and considered at previous meetings of the Board, as follows:

Revised Plan of Readjustment of Funded Debt and Capitalization, dated June 19, 1935: On February 6, 1936, steps and action required to carry out this Company's Revised Plan of Readjustment of Funded Debt and Capitalization, dated June 19, 1935, were taken pursuant to resolutions adopted by this Board at its meeting held January 31, 1936.

Provision for Renewals, Retirements and Depletion
(including amortization of unoperated leaseholds)

The Chairman stated that, as one of the matters precedent to the semi-annual payment to be made February 18, 1936, as and for the Sinking Fund, it was now in order for this Board to consider and act upon the amount actually appropriated for provision of renewals, retirements and depletion (including amortization of unoperated leaseholds), for the preceding calendar year, and submitted a report prepared by the Treasurer, which is as follows:

Panhandle Eastern Pipe Line Company And Subsidiary CompaniesSuggested Provision For Renewals, Retirements And Depletion(Including Amortization Of Unoperated Leaseholds)For The Calendar Years 1935 And 1936

		Actual or Estimated		
		Charge to Operations		
	Proposed Annual Rate 1935-1936	Approximate Average Base for Year 1935	Actual for Calendar Year 1935	Estimated for Calendar Year 1936
<u>Central Distributing Company:</u>				
Total Property Account	2 1/2%	\$ 422,000	\$ 10,550.68	\$ 10,800
<u>Macon Gas And Electric Light Company:</u>				
Property Abandoned	10%	\$ 12,000	\$ 1,175.28	\$ 1,200
Other Property Account	2 1/2%	89,000	2,200.00	2,200
Total Property Account	—	\$ 101,000	\$ 3,395.28	\$ 3,400
<u>Missouri-Kansas Gas Company:</u>				
(Dissolved during October, 1935)	—	—	\$ 2,268.62	—
<u>Panhandle Eastern Pipe Line Company:</u>				
Gas Sales and Purchase Contracts:				
(1) Operated Contracts of a 20-Year Life	5%	\$ 642,000	\$ 32,114.40	\$ 32,100
(2) Other Contracts (From Records of Predecessor Company)	—	2,411,000	(See Note A)	—
Intangible Items (Organization, Engineering, Legal Expenses, Taxes during Construction, etc.)	—	2,140,000	(See Note A)	—
Fixed Property	1 1/2%	28,198,000	422,970.49	422,700
Total Property Account	—	\$33,391,000	\$455,084.89	\$454,800
<u>Panhandle Illinois Pipe Line Company:</u>				
Intangible Items	—	\$ 461,000	(See Note A)	—
Fixed Property	1 1/2%	7,788,000	\$116,816.61	\$116,800
Total Property Account	—	\$ 8,249,000	\$116,816.61	\$116,800
<u>Texas-Interstate Pipe Line Company:</u>				
Leaseholds, etc.:				
Operated	.003¢ per MCF Produced	\$ 346,000	\$ 24,807.38	\$ 25,800
Unoperated	6%	1,326,000	79,560.90	77,600
Intangible Items	—	393,000	(See Note A)	—
Other Property (Wells, Camps, etc.)	6%	1,262,000	75,713.04	78,000
Total Property Account	—	\$ 3,327,000	\$180,081.32	\$181,400
Total Panhandle Eastern System	—	\$45,490,000	\$768,197.40	\$767,200

Note:

(A) No reserve provision recommended at this time.

Leith V. Watkins
Treasurer

[fol. 15969] After discussion, on motion duly made and seconded, it was unanimously

Resolved that the provision for renewals, retirements and depletion (including amortization of unoperated leaseholds) for the preceding calendar year as previously recorded on the books of Panhandle Eastern Pipe Line Company and each of its Subsidiary Companies, amounting to, in all, an aggregate of \$768,197.40, be and hereby is determined to be, in all respects, approved, ratified and confirmed; and that the provision for the renewals, retirements and depletion (including amortization of unoperated leaseholds) for the calendar year 1936 be made on the basis adopted at this meeting for the calendar year 1935.

Statement under Section 17 of Mortgage Trust Indenture

The Chairman stated that as one of the matters precedent to the semi-annual payment to be made as and for a compulsory Sinking Fund for the purchase or redemption of Bonds of Series A, on February 18, 1936, it was necessary for the Company to file a summarized statement with the Trustee under this Company's Mortgage Trust Indenture, dated as of October 1, 1930, as supplemented and amended, showing:

(a) The amount actually appropriated by the Board of Directors of the Company for provision for renewals, retirements and depletion (including amortization of unoperated leaseholds for the preceding calendar year or the amount of earnings available, therefor, which ever shall be less;

(b) The consolidated net earnings (as such term is generally understood in standard accounting practice) from all sources (excluding profits derived from and losses incurred by the sale of Fixed Assets properly carried in capital account) of the Company and all its Subsidiary Companies (after eliminating all inter-company items) for said preceding calendar year, after deducting all charges including income taxes and including provision for renewals, retirements and depletion (including amortization of unoperated leaseholds) at such rates as shall have been actual-

ly determined by the Board of Directors of the Company;
and

(c) An amount equal to one-half of the amount specified in the foregoing subdivision (a) plus the amount specified in the foregoing subdivision (b).

After discussion, on motion duly made and seconded, it was unanimously

Resolved that the proper Officers of this Company be and they hereby are authorized and directed to file with the City Bank Farmers Trust Company, Trustee under this Company's Mortgage Trust Indenture, dated as of October 1, 1930, as supplemented and amended, on or before February 18, 1936, a summarized statement showing:

Excerpt From Minutes Of Board Of Directors Meeting

February 15, 1933

Panhandle Eastern Pipe Line Company
And Subsidiaries

To The Directors Of Panhandle Eastern Pipe Line Company And Subsidiaries:

Pursuant to instructions of the Board of Directors, I have reviewed the property reserves of the Panhandle System Companies and recommend that provision for depreciation, amortization of leaseholds and depletion, be provided for the Panhandle Eastern Pipe Line Company and Subsidiary Companies for the year 1933, in accordance with the rates shown in the following schedule.

		Estimated Charge to Operations	
	Proposed Annual Rate—1933	Base Nov. 30, 1932 Book Values	Estimated Accrual for Year 1933
<u>Central States Gas Utilities Company:</u>			
Total Property Account	2 1/2%	\$ 375,000	\$ 9,400
<u>Macon Gas And Electric Light Company:</u>			
Property Abandoned	10%	\$ 11,000	\$ 1,100
Other Property	2%	92,000	2,300
Total Property Account		\$ 103,000	\$ 3,400
<u>Missouri-Kansas Gas Company:</u>			
Total Property Account		\$ 279,000	-(See Note B)
<u>Panhandle Eastern Pipe Line Company:</u>			
Gas Sales and Purchase Contracts:			
(1) Operated Contracts of a 20-Year Life	5%	\$ 642,000	\$ 32,100
(2) Other Contracts (From Records of Predecessor Company)	—	2,411,000	(See Note A)
Intangible Items (Organization, Engineering, Legal Expenses, and Taxes during Construction, etc.)	—	2,186,000	(See Note A)
Fixed Property	1 1/2%	28,498,000	\$ 427,500
Total Property Account		\$33,737,000	\$ 459,600
<u>Panhandle Illinois Pipe Line Company:</u>			
Intangible Items	—	\$ 453,000	(See Note A)
Fixed Property	1 1/2%	7,626,000	\$114,400
Total Property Account		\$ 8,079,000	\$ 114,400
<u>Texas-Interstate Pipe Line Company:</u>			
Leaseholds, Etc.:			
Operated	.003¢ Per MCF Produced	\$ 256,000	\$ 12,200
Unoperated	6%	1,513,000	90,800
Intangible Items	—	393,000	(See Note A)
Other Property (Wells, Camps, etc.)	6%	1,238,000	74,300
Total Property Account		\$ 3,400,000	\$ 177,300
Total — Panhandle Eastern System		\$45,973,000	\$ 764,100

Notes:

(A) No reserve provision recommended at this time.

(B) Missouri-Kansas Gas Company: This company's properties are being exhausted somewhat more rapidly than provision for retirement and depletion can be made out of present earnings, and recapitalization or revaluation of its no-par stock will be required to meet this situation. Pending such recapitalization, it is recommended that any "net income" before depreciation be in the future credited to reserves.

F. B. Flahive

Excerpt From Minutes Of Board Of Directors Meeting

February 15, 1933

Panhandle Eastern Pipe Line Company
And Subsidiaries

To The Directors Of Panhandle Eastern Pipe Line Company And Subsidiaries:

Pursuant to instructions of the Board of Directors, I have reviewed the property reserves of the Panhandle System Companies and recommend that provision for depreciation, amortization of leaseholds and depletion, be provided for the Panhandle Eastern Pipe Line Company and Subsidiary Companies for the nine months ended December 31, 1932 in accordance with the rates shown in the following schedule.

		Estimated Charge to Operations	
	Proposed Annual Rate—1932	Base, November 30, 1932 Book Values	Estimated Accrual 9 Months to Dec. 31, 1932
<u>Central States Gas Utilities Company:</u>			
Total Property Account	2 1/2%	\$ 375,000	\$ 7,000
<u>Macon Gas And Electric Light Company:</u>			
Property Abandoned	—	\$ 11,000	(See Note A)
Other Property	2 1/2%	92,000	\$ 1,700
Total Property Account		\$ 103,000	\$ 1,700
<u>Missouri-Kansas Gas Company:</u>			
Total Property Account		\$ 279,000	(See Note B)
<u>Panhandle Eastern Pipe Line Company:</u>			
Gas Sales and Purchase Contracts:			
(1) Operated Contracts of a 20-Year Life	5%	\$ 642,000	\$ 24,400
(2) Other Contracts (From Records of Predecessor Company)	—	2,411,000	(See Note A)
Intangible Items (Organization, Engineering, Legal Expenses, and Taxes during Construction, etc.)	—	2,186,000	(See Note A)
Fixed Property	1%	28,498,000	\$ 213,800
Total Property Account		\$33,737,000	\$ 327,900
<u>Panhandle Illinois Pipe Line Company:</u>			
Intangible Items	—	\$ 453,000	(See Note A)
Fixed Property	1%	7,626,000	\$ 57,200
Total Property Account		\$ 8,079,000	\$ 57,200
<u>Texas-Interstate Pipe Line Company:</u>			
Leaseholds, Etc.:			
Operated	003¢ Per MCF Produced	\$ 256,000	\$ 7,000
Unoperated	6%	1,513,000	68,100
Intangible Items	—	393,000	(See Note A)
Other Property (Wells, Camps, etc.)	6%	1,238,000	55,700
Total Property Account	Y	\$ 3,400,000	\$ 130,800
Total — Panhandle Eastern System		\$45,973,000	\$ 434,600

Notes:

(A) No reserve provision recommended at this time.

(B) Missouri-Kansas Gas Company: This Company's properties are being exhausted somewhat more rapidly than provision for retirement and depletion can be made out of present earnings, and recapitalization or revaluation of its no-par stock will be required to meet this situation. Pending such recapitalization, it is recommended that any "net income" before depreciation be credited to reserves.

F. B. Flahive.

[fol. 15972] Excerpt From Minutes of Board of Directors
Meeting May 5, 1932

**Panhandle Eastern Pipe Line Company and Subsidiaries
Rates for Establishing Depreciation and Other Reserves**

It is recommended, now that the construction work of main line system has been completed, that reserves be provided out of income to cover depreciation of equipment and structures and for the amortization of gas rights and leaseholds, and also of the book value of gas purchase and sales contracts, at the following rates per annum:

(1) 1% of the approximate book value of the main transmission and lateral lines, compressing stations and related properties, exclusive of undistributed items such as interest, taxes, legal expenses during construction, etc.

(2) 6% on the approximate value of wells and structures.

(3) 4% on the approximate value of unoperated leaseholds.

(4) \$.003 per M. C. F. of gas produced for amortization of the gas rights in operated acreage.

(5) Gas purchase and sales contracts valued on books @ \$3,053,391.53, as follows:

(a) 5% of the value of gas sales contracts now carried as an asset in amount of \$642,286.30 as it applies largely to specific contracts of 20 year life.

(b) No action on the value of other gas purchase and sales contracts, (\$2,411,105.23) pending further review of the basis and reason for establishing this asset, (a part of which first appeared on the records of a predecessor company) when a more definite recommendation will be made as to the disposition of this item.

(6) 2½% of the approximate value of gas distribution property.

(7) A flat rate of \$60,000. per annum for the Missouri-Kansas Gas Company, pending completion of the inventory of physical property now in progress, at which time further recommendations will be submitted.

[fol. 15973] (8) A flat rate of \$12,000. per annum for J. D. Judd & Company. This is at the rate of approximately 12% of book value of this Company's property account. Included in this Company's plant account is value of dry wells, which with lessened drilling and greater drain on the present production facilities, requires a relatively greater accrual for this reserve.

(9) A flat amount of \$6,900. per annum for the Shale Gas Corporation, pending further review of the necessity of recapitalizing this Company, some two-thirds of the stock of which was issued a few years ago for certain gas acreage, all of which acreage so purchased, has since been surrendered, or the leases have expired.

The foregoing rates for creating reserves for depreciation, amortization of leaseholds and gas rights, and the amortization of the value of gas purchase and sales contracts, are recommended for the period ended December 31, 1932, at which time the subject should be reviewed and new recommendations submitted for future periods. If approved, these recommendations will be made effective as of April 1, 1932. The foregoing rates of accrual will produce a credit to reserves and corresponding charge against income of approximately \$625,000. per annum, which based on the book value of consolidated Property Account of \$45,700,000., represents a rate of about 1.4% per annum.

F. B. FLAHERTY.

5/5/32. Held over for further consideration at next meeting.

[fol. 15974] Panhandle Eastern Pipe Line Company and Subsidiaries

Value of Gas Sales Contracts—\$642,286.30

There appears on the books of account of Panhandle Eastern Pipe Line Company an item of \$642,286.30*, representing payment for services in connection with obtaining contracts for the sale of natural gas, including contracts with Illinois Power and Light Company and Missouri Power and Light Corporation.

As the major portion of this sum represents the value of contracts for the sale of natural gas to customers now on the lines, under 20 year agreements, it is recommended that this sum be amortized out of income at the rate of 5% per annum for the remainder of the year 1932, at which time the subject shall be reviewed and further recommendation submitted.

F. B. FLAHIVE.

*This is the balance of the \$11,000,000 of value of contracts as determined by Brokaw, Dixon, Garner & McKee and entered on the books by order of the Directors at their meeting held September 3, 1930, less \$10,357,713.70 written off, as instructed by the Directors at their meeting held March 29, 1932.

5/5/32 Held over for further consideration at next meeting.

[fol. 15975]

(Exhibit 221.)

Panhandle Eastern Pipe Line Company
Docket G-207 And Subsidiary Company

Computation Of Working Capital Requirement

Cash Working Capital:

Total Operation and Maintenance — 1941

Ex. 173, line 9, Col. M.

\$3,392,827 05

Deduct: Cost of Gas Purchased

Ex. 178, line 14, Col. M.

1,180,917 63

\$2,211,909 42

Average cash required for operation and maintenance 45/365 of \$2,211,909 42.

\$272,701 00

Prepaid Items — Dec. 31, 1941

Ex. 172, line 14, Col. M.

94,732 00

Average cash Working Capital required

367,433 00

Materials and Supplies Inventory —

12/31/41, Ex. 172, line 13, Col. M.

374,839 00

Total Working Capital Requirement

\$742,272 00

Use \$750,000

[fol. 15976]

**Panhandle Eastern Pipe Line Company
And Subsidiary Companies**

Due And Payment Dates-On Major Gas Sales Contracts

Sales Contracts	Date Due (on or Before)	Date Paid
<u>Panhandle Eastern Pipe Line Company</u>		
Central Distributing Company	15	21-23
Cities Service Gas Company	25	21-24
Harbison-Walker Refract., Co.	15	10-14
Kentucky Natural Gas Company	20	15-18
Mexico Refractories Co.	15	20-30
Michigan Consolidated Gas Co.	20	23-25
Michigan Gas Transmission Corp.	20	23-25
Missouri Power and Light Co.	15	9-14
Universal Atlas Cement Co.	15	13-20
<u>Illinois Natural Gas Company</u>		
Central Illinois Light Co.	15	14-23
Central Illinois Public Service Co.	15	21-28
Illinois Iowa Power Co.	15	10-27

Due and Payment Dates on Major Gas Purchase Contracts

Due date 25th of month. Payments usually made from 19th to 21st.

[fol. 15977]

**Panhandle Eastern Pipe Line Company
And Subsidiary Companies**

**Materials And Supplies - Gas
1941**

f941	Balance beginning of month	Debits	Credits	Balance End of Month
Jan.	\$205,807.96	\$ 18,565.03	\$ 13,297.25	\$ 211,075.74
Feb.	211,075.74	33,927.53	12,093.01	232,910.26
Mar.	232,910.26	37,019.03	16,487.92	253,441.37
April	253,441.37	56,336.92	29,292.67	280,485.62
May	280,485.62	76,311.76	45,106.43	311,690.95
June	311,690.95	25,944.75	74,670.06	262,965.64
July	262,965.64	27,441.08	33,279.25	257,127.47
Aug.	257,127.47	50,678.46	11,662.40	296,143.53
Sept.	296,143.53	32,423.57	13,734.86	314,832.24
Oct.	314,832.24	26,734.81	15,248.42	326,318.63
Nov.	326,318.63	24,238.57	17,958.19	332,599.01
Dec.	332,599.01	33,725.53	22,383.49	363,941.05
Totals		\$463,347.04	\$305,213.95	\$3,443,531.51
Average				286,961.00

[fol. 15978]

Panhandle Eastern Pipe Line Company
And Illinois Natural Gas Company

Accrued Taxes — 1941

1941	Balance Beginning of Month	Debits	Credits	Balance End of Month
Jan.	\$2,333,878.95	\$ 36,838.36	\$357,640.12	\$2,654,680.71
Feb.	2,654,680.71	5,054.76	351,333.08	3,000,959.03
March	3,000,959.03	381,154.21	355,394.64	2,975,199.46
April	2,975,199.46	58,448.81	292,940.23	3,209,690.88
May	3,209,690.88	83,650.41	242,592.35	3,368,632.82
June	3,368,632.82	413,600.68	221,742.27	3,176,774.41
July	3,176,774.41	95,458.95	224,053.14	3,305,368.60
Aug.	3,305,368.60	2,721.54	220,588.06	3,523,235.12
Sept.	3,523,235.12	430,693.82	716,283.90	3,808,825.20
Oct.	3,808,825.20	962,137.39	302,122.79	3,213,810.60
Nov.	3,213,810.60	10,918.29	470,594.46	3,673,486.77
Dec.	3,673,486.77	788,646.54	333,663.19	3,218,503.42

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

Gas Used in Testing Lines (Capitalized) Year 1931

	MCF	Average Rate per MCF	Amount
Panhandle East. Pipe Line Co.	752,635	4¢	\$30,788.27 (1)
Panhandle Ill. Pipe Line Co.	218,417	18¢	39,320.46
Total			\$70,108.73

(1) After credits \$15,190.20 resulting from sales made during 1931.

[fol. 15979]

Panhandle Eastern Pipe Line Company And Subsidiary Companies
Gas Used In Construction Of Pipe Line
March 31, 1932 To December 31, 1941

	MCF	Amount
March 1, 1932 to December 31, 1935		/ None
Year 1936	5,435	\$ 1,028.38
Year 1937	58,893	9,082.15
Year 1938	109,802	16,470.30
Year 1939		None
Year 1940	168,953	25,342.95
Year 1941	5,279	791.85
Totals March 31, 1932 to December 31, 1941	348,362	\$52,715.63

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

Computation of Average Return Earned on Net Investment
For the Period April 1, 1932 to December 31, 1941.

Line No.	Account	Cumulative Total (Exh. 173)	Adjustment for Items Admittedly Not Cost	As Adjusted	Average 1932-1941 9-3/4 years
	(a)	(b)	(c)	(d)	(e)
1	<u>Statement Of Net Operating Revenue</u>				
2	Operating Revenues:				
3	Gas	\$73,865,810		\$73,865,810	\$ 7,575,980
4	Gasoline	2,433,240		2,433,240	249,563
5	Pipe Line Rentals	735,716		735,716	75,458
6	Miscellaneous	213,493		213,493	21,897
7	Total Operating Revenues	\$77,248,259		\$77,248,259	\$ 7,922,898
8					
9	Operating Revenue Deductions:				
10	Operation and Maintenance				
11	Expenses	19,036,829		19,036,829	1,952,495
12	Depreciation	11,042,369		11,042,369	1,132,552
13	Depletion	444,666		444,666	45,607
14	Abandoned Leases	859,746		859,746	88,179
15	Amortization of Other				
16	Limited Term Gas Investments	2,061,549	\$1,231,870	829,679	85,095
17	Charges in Lieu of Federal				
18	Income and Excess Profits Taxes	823,882	823,882		
19	State, Local and Miscellaneous Federal Taxes	4,406,423	69,550	4,336,873	444,807
20	Federal Income Taxes	5,182,311	600,530	4,581,781	469,926
21	Federal Excess Profits Taxes	1,461,000	219,881	1,241,119	127,294
22					
23	Total Operating Revenue Deductions	45,318,775	2,945,713	42,373,062	4,345,955
24					
25	Net Operating Revenue	\$31,929,484	\$2,945,713	\$34,875,197	\$ 3,576,943
26					
27	Average Net Investment				\$47,774,469
28	Average Return Earned (Line 25 ÷ line 27)				7-1/2%

[fol. 15981]

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Source of Figures Used on Page 1

Year Ended Dec. 31	Gas Plant Per-Ex. 176 Line 38	Add: Gas Sales Contracts	Deduct: Reserves for Depr. and Depl.	Net Investment
1932	\$42,568,283		\$ 605,167	\$41,963,116
1933	42,435,049		1,169,253	41,265,796
1934	42,594,692		1,824,880	40,769,812
1935	42,441,201		2,437,455	40,003,746
1936	46,387,074	\$371,076	3,005,610	43,752,540
1937	58,071,907	358,658	4,104,956	54,325,609
1938	58,751,335	401,443	5,736,427	53,416,351
1939	59,226,065	386,197	7,598,278	52,013,984
1940	64,380,428	372,006	9,189,501	55,562,933
1941	65,225,927	352,897	10,908,023	54,670,801

\$477,744,688

Average Net Investment
shown on line 27, Col. (e)

\$ 47,774,469

Adjustments:

Amortization of Limited Term Gas Investments:

Gas sales and purchase contracts — old

\$634,989.34

Other Gas sales and purchase contracts

174,689.20

Total shown in line 16, Col. (d)

\$829,678.54

State, Local and Miscellaneous Federal

Taxes from Ex. 184 shown in line 20, Col. (e)

\$69,550.25

Federal Income Taxes:

Year 1936 (Ex. 185)

\$149,790.03

1937 (Ex. 185)

426.21

1938 (Ex. 185)

541,792.37

1939 (Ex. 185)

824,496.52

1940 (Ex. 185)

1,375,275.49

1941 (Ex. 173)

1,690,000.00

Total shown in line 21, Col. (d)

\$4,581,780.62

Federal Excess Profits Taxes

Year 1940 (Ex. 185)

\$ 321,119.26

1941 (Ex. 173)

920,000.00

Total shown in line 22, Col. (d)

\$1,241,119.26

Panhandle Eastern Pipe Line Company
And Subsidiary Companies

5838

Comparison of Average Return Earned on Net Investment
For the Periods April 1, 1932 to Dec. 31, 1936 and Jan. 1, 1937 to Dec. 31, 1941

	Cumulative Total as Adjusted Ex 222 (col.d)	Period 1932-1936		Period 1937-1941	
		Cumulative Total	Average (4 3/4 yrs.)	Cumulative Total	Average (5 years)
Statement of Net Operating Revenue					
Operating Revenues:					
Gas	\$73,865,810	\$15,795,126	\$3,325,290	\$58,070,684	\$11,614,137
Gasoline	2,433,240	46,319	9,751	2,386,921	477,384
Pipe Line Rentals	735,716	735,716	154,888		
Miscellaneous	213,493	133,980	28,206	79,513	15,903
Total Operating Revenues	\$77,248,259	16,711,141	3,518,135	60,537,118	12,107,424
Operating Revenue Deductions:					
Operation and Maintenance	19,036,829	5,363,901	1,129,242	13,672,928	2,734,586
Depreciation	11,042,369	2,877,206	605,728	8,165,163	1,633,033
Depletion	444,666	105,608	22,233	339,058	67,811
Abandoned Leases	859,746	396,526	83,479	463,220	92,644
Amortization of Gas Contracts	829,679	327,495	68,946	502,184	100,437
State, Local and Misc. Federal Taxes	4,336,873	1,349,920	284,194	2,986,953	597,391
Federal Income Taxes	4,581,781	149,790	31,535	4,431,991	886,398
Federal Excess Profits Taxes	1,241,119			1,241,119	248,224
Total Operating Expenses	42,373,062	10,570,446	2,225,357	31,802,616	6,360,524
Net Operating Revenue	\$34,875,197	\$6,140,695	\$1,292,778	28,734,502	\$5,746,900
Average Net Investment					
Average Return Earned					
			\$11,551,002		\$53,997,936
			3 1/2%		10 64%

[fol. 15983]

Exhibit 223

**Panhandle Eastern Pipe Line Company And Subsidiary Companies
Substitute Estimate (Less Economic) Of Additional
Capital Expenditures South And West Of Liberal Compressor Station
Required To Meet Peak Day Sales Of 307,000 MCF**

1942

Line No.	Item (A)	Description (B)	Amount (C)	Total Cost (D)
1	(A)	Gas Wells — Texas Panhandle	3	\$ 61 377
2	(B)	Install liners in old wells — Texas	2	918
3	(C)	Install Tubing in old wells — Texas	2	6 900
4	(D)	Acidize Wells — Texas	10	15 500
5	(E)	Lay well lines for 3 new wells —		
6		Panhandle Field	4.25 mi.	13 775
7	(F)	Construct measuring stations for new wells	3	2 070
8	(G)	Install additional Horse Power at Sneed	2 600 H.P.	362 800
9	(H)	Install additional Horse Power at Hansford	1 300 H.P.	121 200
10	(I)	Acidize Wells — Kansas 100%	10	15 500
11		50%	10	15 500
12	(J)	Office Building — Hugoton	1	7 000
13	(K)	Compressor Station Near Hugoton, Kansas	4 000 H.P.	552 560
14	(L)	Dehydration Plant	1	60 000
15	(M)	Loop existing lines	3.5 mi.	25 967
16		Hugoton Field	4.0 mi.	38 636
17	(N)	Purchase Pickup Trucks	2	1 650
18				1 301 351
19	(O)	Additional Buildings		
20		Sneed	3)	
21		Hansford	3)	41 700
22		Garage	1)	
23				1 343 051
24		Less Credit On Acid from Joint Owner		7 750
25		Net Expenditures		1 335 301
26		1943		
27	(A)	Gas Wells — Texas Panhandle	2	45 086
28	(B)	Lay well lines	.5 mi.	1 620
29	(C)	Construct Measuring Stations	2	1 380
30	(D)	Install liners in old wells — Panhandle Field	3	1 746
31	(E)	Acidize wells — Panhandle	5	7 750
32	(F)	Acidize wells — Kansas 100%	6	7 680
33		Net Expenditures		\$ 65 262

Panhandle Eastern Pipe Line Company And Subsidiary Companies
 Substitute Estimate (Less Economic) Of Additional
 Capital Expenditures South And West Of Liberal Compressor Station
 Required To Meet Peak Day Sales Of 338,000 MCF.

		1942		
Line Item No.	(A)	Description (B)	Amount (C)	Total Cost (D)
1	(A)	Drill Gas Wells — Panhandle	3	\$ 61 377
2	(B)	Install liners in old wells — Texas	2	916
3	(C)	Install tubing in old wells — Texas	2	6 900
4	(D)	Acidize Wells — Texas	10	15 500
5	(E)	Lay well lines 3 new wells — Texas	4 25 mi.	13 775
6	(F)	Construct Measuring Stations — Texas	3	2 070
7	(G)	Install additional H.P. at Sneed Station	2 600 H.P.	362 800
8	(H)	Install additional H.P.	1 300	121 200
9	(I)	Acidize Wells — Kansas 100%	10	15 500
10		50%	10	15 500
11	(J)	Office Building — Hugoton	1	7 000
12	(K)	Compressor Station near Hugoton	4 000 H.P.	552 560
13	(L)	Dehydration Plant near Hugoton		60 000
14	(M)	Compressor Station near Santanta	4 000 H.P.	552 560
15	(N)	Telephone line	34 mi.	29 410
16	(O)	Dehydration Plant near Santanta		60 000
17	(P)	Loop existing lines	3 5 mi.	25 967
18		Hugoton Field	4 0 mi.	38 636
19	(Q)	Purchase Pickup Trucks	3	2 475
20	(R)	Additional Dwellings		
21		Sneed	3)	
22		Hansford	3)	41 700
23	(S)	Garages — Sneed	1)	
24				1 985 846
25		Less Credit On Acid from Joint Owner		7 750
26		Total Net		1 978 096
27		1943		
28	(A)	Gas Wells	2	45 086
29	(B)	Lay Well Lines	.5 mi.	1 620
30	(C)	Measuring Stations	2	1 380
31	(D)	Install Liners — Old Wells Panhandle Field	3	1 746
32	(E)	Acidize Wells — Panhandle	5	7 750
33	(F)	Acidize Wells — Kansas 100%	6	7 680
34		Total Net		\$ 65 262

Panhandle Eastern Pipe Line Company And Subsidiary Companies
 Estimate Of Operation And Maintenance Costs
 South And West Of Liberal Compressor Station
 Panhandle Field
 307,000 MCF Continuous Daily Sales Capacity
 Operation At 70% (Approximately Normal) Capacity Factor

Line No.	Department (A)	1942-1943		1943-1944	
		With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 27 078	\$ 27 000	\$ 27 078	\$ 27 000
3	Maintenance	13 530	11 500	13 920	12 000
4	Total	40 608	38 500	40 998	39 000
5	Measurement				
6	Company Operation	12 217	12 500	12 749	12 750
7	Company Maintenance	1 886	1 800	1 932	1 850
8	Purchase Operation	6 868	7 470	7 162	7 470
9	Purchase Maintenance	537	606	581	606
10	Total	21 528	22 376	22 424	22 676
11	Compressor				
12	Operation — Hansford	24 471	26 000	24 910	26 000
13	Maintenance — Hansford	13 191	15 000	13 850	15 000
14	Operation — Sneed	44 108	46 000	44 548	46 000
15	Maintenance — Sneed	14 089	16 030	14 794	16 000
16	Total	95 859	103 000	98 102	103 000
17	Production				
18	Operation	24 500	24 000	26 300	24 500
19	Maintenance	11 750	15 000	13 300	15 000
20	Total	36 250	39 000	39 600	39 500
21	Land and Lease				
22	Operation	3 800	3 800	3 800	3 800
23	Royalties	232 099	160 423	232 099	162 797
24	Rents	325	325	325	325
25	Delay Rentals	4 932	11 031	3 697	9 101
26	Renewal Bonus	800	800	800	800
27	Gas Purchase Costs	650 209	763 335	650 209	749 306
28	Total	892 165	939 814	890 330	926 129
29	Dehydration Plant				
30	Sneed				
31	Operation	5 836	6 400	5 945	6 400
32	Maintenance	787	850	804	850
33	Total	6 623	7 250	6 749	7 250
34	Taxes				
35	Ad Valorem	30 278	25 610	31 365	27 574
36	Gross Production	65 698	40 590	65 698	41 165
37	Total	95 976	66 200	97 063	68 739
38	Total — Panhandle Field	\$1 189 009	\$1 216 140	\$1 195 265	\$1 206 294

Panhandle Eastern Pipe Line Company And Subsidiary Companies
 Estimate Of Operation And Maintenance Costs
 South And West Of Liberal Compressor Station
 Hugoton Field
 307,000 MCF Continuous Daily Sales Capacity
 Operation At 70% (Approximately Normal) Capacity Factor

Line No.	Department (A)	1942-1943		1943-1944	
		With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 38 450	\$ 32 000	\$ 39 550	\$ 32 500
3	Maintenance	13 085	13 000	13 555	13 500
4	Total	51 535	45 000	53 105	46 000
5	Measurement				
6	Company Operation	13 973	12 500	15 633	13 500
7	Company Maintenance	2 887	2 500	3 284	2 750
8	Purchase Operation	7 124	7 200	7 218	7 500
9	Purchase Maintenance	862	850	878	900
10	Total	24 846	23 050	26 993	24 650
11	Compressor				
12	Operation — Hugoton	—	20 000	—	20 000
13	Maintenance — Hugoton	—	3 000	—	4 000
14	Operation — Satanta	—	—	—	—
15	Maintenance — Satanta	—	—	—	—
16	Total	—	23 000	—	24 000
17	Production				
18	Operation	18 983	16 500	21 283	17 500
19	Maintenance	6 900	6 500	7 500	7 000
20	Total	25 883	23 000	28 783	24 500
21	Land and Lease				
22	Operation	8 000	8 000	8 500	8 500
23	Royalties	58 794	59 537	58 794	59 537
24	Rents	—	—	—	—
25	Delay Rentals	102 167	106 244	99 047	105 244
26	Renewal Bonus	46 292	55 465	46 292	55 465
27	Gas Purchase Costs	293 498	701 922	293 498	701 922
28	Total	508 751	931 168	506 131	931 668
29	Taxes				
30	Ad Valorem	91 665	60 308	93 046	76 899
31	Gross Production	5 000	5 000	5 000	5 000
32	Total	96 665	65 308	98 046	81 899
33	Total — Hugoton Field	707 680	1 110 526	713 058	1 132 717
34	Total — Panhandle Field	1 189 009	1 216 140	1 195 266	1 206 294
35	Grand Total — Both Fields	\$1 896 689	\$2 326 666	\$1 908 324	\$ 2 339 011
36	Net Increase — Operation				
37	and Maintenance Cost		\$ 429 977		\$ 430 687

Panhandle Eastern Pipe Line Company And Subsidiary Companies
 Estimate Of Operation And Maintenance Costs
 South And West Of Liberal Compressor Station
 Panhandle Field
 307,000 MCF Continuous Daily Sales Capacity
 Operation At 90% Capacity Factor

Line No.	Department (A)	1942-1943		1943-1944	
		With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 27 078	\$ 27 000	\$ 27 078	\$ 27 000
3	Maintenance	13 920	11 500	13 920	12 000
4	Total	40 998	38 500	40 998	39 000
5	Measurement				
6	Company Operation	13 306	12 500	13 306	12 500
7	Company Maintenance	1 981	1 800	1 981	1 800
8	Purchase Operation	7 470	7 470	7 470	7 470
9	Purchase Maintenance	606	606	606	606
10	Total	23 363	22 376	23 363	22 376
11	Compressor				
12	Operation — Hansford	25 407	26 000	25 407	26 000
13	Maintenance — Hansford	14 543	15 000	14 543	15 500
14	Operation — Sneed	45 051	46 000	45 051	46 500
15	Maintenance — Sneed	15 534	16 000	15 534	16 000
16	Total	100 535	103 000	100 535	104 000
17	Production				
18	Operation	27 100	24 000	27 100	24 500
19	Maintenance	14 100	15 000	14 100	15 500
20	Total	41 200	39 000	41 200	40 000
21	Land and Lease				
22	Operation	3 800	3 800	3 800	3 800
23	Royalties	232 099	160 523	232 099	162 797
24	Rents	325	325	325	325
25	Delay Rentals	3 097	11 031	3 097	9 101
26	Renewal Bonus	800	800	800	800
27	Gas Purchase Costs	650 209	763 335	650 209	749 306
28	Total	890 330	939 814	890 330	926 129
29	Dehydration Plant				
30	Sneed				
31	Operation	6 485	6 400	6 485	6 400
32	Maintenance	878	850	878	850
33	Total	7 363	7 250	7 363	7 250
34	Taxes				
35	Ad Valorem	31 365	25 610	31 365	27 574
36	Gross Production	65 698	40 590	65 698	41 165
37	Total	97 063	66 200	97 063	68 739
38	Total — Panhandle Field	\$1 200 852	\$1 216 140	\$1 200 852	\$1 207 494

Panhandle Eastern Pipe Line Company And Subsidiary Companies
Estimate Of Operation And Maintenance Costs
South And West Of Liberal Compressor Station
Hugoton Field
307,000 MCF Continuous Daily Sales Capacity
Operation At 90% Capacity Factor

Line No.	Department (A)	1942-1943		1943-1944	
		With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 44 350	\$ 37 500	\$ 44 350	\$ 38 000
3	Maintenance	16 740	13 500	16 740	14 000
4	Total	61 090	51 000	61 090	52 000
5	Measurement				
6	Company Operation	20 057	15 000	20 057	15 500
7	Company Maintenance	4 070	3 000	4 070	3 000
8	Purchase Operation	7 845	7 845	7 845	7 845
9	Purchase Maintenance	968	968	968	968
10	Total	32 940	26 813	32 940	27 313
11	Compressor				
12	Operation — Hugoton	14 200	29 000	14 200	30 000
13	Maintenance — Hugoton	6 250	8 000	6 250	10 000
14	Operation — Satanta	—	29 000	—	30 000
15	Maintenance — Satanta	—	8 000	—	10 000
16	Total	20 450	74 000	20 450	80 000
17	Production				
18	Operation	20 143	16 500	20 143	17 500
19	Maintenance	8 300	6 500	8 300	7 000
20	Total	28 443	23 000	28 443	24 500
21	Land and Lease				
22	Operation	8 500	8 500	8 500	8 500
23	Royalties	135 042	109 086	135 042	109 086
24	Rents	—	—	—	—
25	Delay Rentals	92 047	106 244	92 047	106 244
26	Renewal Bonus	26 660	55 465	26 660	55 465
27	Gas Purchase Costs	674 128	1 286 102	674 128	1 286 102
28	Total	936 377	1 565 397	936 377	1 565 397
29	Taxes				
30	Ad Valorem	99 483	60 308	99 483	69 461
31	Gross Production	6 000	6 000	6 000	6 000
32	Total	105 483	66 308	105 483	75 461
33	Total — Hugoton Field	1 184 783	1 806 518	1 184 783	1 824 671
34	Total — Panhandle Field	1 200 852	1 216 140	1 200 852	1 207 494
35	Grand Total — Both Fields	\$2 385 635	\$3 022 658	\$2 385 635	\$3 032 165
36	Net Increase — Operation				
37	and Maintenance Cost		\$ 637 023		\$ 646 530

Panhandle Eastern Pipe Line Company And Subsidiary Companies
Estimate Of Operation And Maintenance Costs
South And West Of Liberal Compressor Station
Panhandle Field
338,000 MCF Continuous Daily Sales Capacity
Operation At 70% (Approximately Normal) Capacity Factor

1942-1943

1943-1944

Line No.	Department (A)	With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 27 078	\$ 27 000	\$ 27 078	\$ 27 000
3	Maintenance	13 530	11 500	13 920	12 000
4	Total	40 608	38 500	40 998	39 000
5	Measurement				
6	Company Operation	12 217	12 500	12 749	12 750
7	Company Maintenance	1 886	1 800	1 932	1 850
8	Purchase Operation	6 868	7 470	7 162	7 470
9	Purchase Maintenance	557	606	581	606
10	Total	21 528	22 376	22 424	22 676
11	Compressor				
12	Operation — Hansford	24 471	26 000	24 910	26 000
13	Maintenance — Hansford	13 191	15 000	13 850	15 000
14	Operation — Sneed	44 108	46 000	44 548	46 000
15	Maintenance — Sneed	14 089	16 000	14 794	16 000
16	Total	95 859	103 000	98 162	103 000
17	Production				
18	Operation	24 500	24 000	26 300	24 500
19	Maintenance	11 750	15 000	13 300	15 000
20	Total	36 250	39 000	39 600	39 500
21	Land and Lease				
22	Operation	3 800	3 800	3 800	3 800
23	Royalties	232 099	160 523	232 099	162 797
24	Rents	325	325	325	325
25	Delay Rentals	4 932	11 031	3 097	9 101
26	Renewal Bonus	800	800	800	800
27	Gas Purchase Costs	650 209	763 335	650 209	749 306
28	Total	892 165	939 814	890 330	926 129
29	Dehydration Plant				
30	Sneed				
31	Operation	5 836	6 400	5 945	6 400
32	Maintenance	787	850	804	850
33	Total	6 623	7 250	6 749	7 250
34	Taxes				
35	Ad Valorem	30 278	25 610	31 365	27 374
36	Gross Production	65 698	40 590	65 698	41 165
37	Total	95 976	66 200	97 063	68 739
38	Total — Panhandle Field	\$1 189 009	\$1 216 140	\$1 195 266	\$1 206 294

**Estimate Of Operation And Maintenance Costs
South And West Of Liberal Compressor Station
Hugoton Field**

338,000 MCF Continuous Daily Sales Capacity
Operation At 70% (Approximately Normal) Capacity Factor

1942-43

1943-44

Line No.	Department (A)	With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 39 550	\$ 34 000	\$ 42 250	\$ 34 500
3	Maintenance	13 555	13 000	15 590	13 500
4	Total	53 105	47 000	57 840	48 000
5	Measurement				
6	Company Operation	15 623	13 000	17 357	13 500
7	Company Maintenance	3 264	3 000	3 530	3 250
8	Purchase Operation	7 218	7 200	7 525	7 500
9	Purchase Maintenance	878	850	931	900
10	Total	26 983	24 050	29 343	25 150
11	Compressor				
12	Operation — Hugoton	—	20 000	—	20 000
13	Maintenance — Hugoton	—	3 000	—	4 000
14	Operation — Sabanta	—	20 000	—	20 000
15	Maintenance — Sabanta	—	3 000	—	4 000
16	Total	—	46 000	—	48 000
17	Production				
18	Operation	21 283	17 000	21 343	18 000
19	Maintenance	7 500	7 000	7 950	7 500
20	Total	28 783	24 000	29 293	25 500
21	Land Lease				
22	Operation	8 520	8 500	8 500	8 500
23	Royalties	90 007	59 537	79 821	59 537
24	Rents	—	—	—	—
25	Delay Rentals	98 947	106 244	98 947	106 244
26	Renewal Bonus	26 660	55 465	26 660	55 465
27	Gas Purchase Costs	449 315	941 066	449 315	941 066
28	Total	673 429	1 170 812	663 243	1 170 812
29	Taxes				
30	Ad Valorem	93 046	60 308	96 668	76 890
31	Gross Production	6 000	6 000	6 000	6 000
32	Total	99 046	66 308	102 668	82 890
33	Total — Hugoton Field	881 546	1 378 170	882 387	1 400 391
34	Total — Panhandle Field	1 189 009	1 216 140	1 195 266	1 246 294
35	Grand Total — Both Fields	\$2 070 355	\$2 594 310	\$2 077 653	\$2 606 655
36	Net Increase — Operation				
37	and Maintenance Cost		\$ 523 955		\$ 529 002

Panhandle Eastern Pipe Line Company And Subsidiary Companies
Estimate Of Operation And Maintenance Costs
South And West Of Liberal Compressor Station
Panhandle Field.
338,000 MCF Continuous Daily Sales Capacity
Operation At 90% Capacity Factor

Line No.	Department (A)	1942-43		1943-44	
		With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 27 078	\$ 27 000	\$ 27 078	\$ 27 000
3	Maintenance	13 920	11 500	13 920	12 000
4	Total	40 998	38 500	40 998	39 000
5	Measurement				
6	Company Operations	13 306	12 500	13 306	12 500
7	Company Maintenance	1 981	1 800	1 981	1 800
8	Purchase Operation	7 470	7 470	7 470	7 470
9	Purchase Maintenance	606	606	606	606
10	Total	23 363	22 376	23 363	22 376
11	Compressor				
12	Operation — Hansford	25 407	26 000	25 407	26 000
13	Maintenance — Hansford	14 543	15 000	14 543	15 500
14	Operation — Sneed	45 051	46 000	45 051	46 500
15	Maintenance — Sneed	15 534	16 000	15 534	16 000
16	Total	100 535	103 000	100 535	104 000
17	Production				
18	Operation	27 100	24 000	27 100	24 500
19	Maintenance	14 100	15 000	14 100	15 500
20	Total	41 200	39 000	41 200	40 000
21	Land and Lease				
22	Operation	3 800	3 800	3 800	3 800
23	Royalties	232 099	160 523	232 099	162 797
24	Rents	325	325	325	325
25	Delay Rentals	3 097	11 031	3 097	9 101
26	Renewal Bonus	800	800	800	800
27	Gas Purchase Costs	650 209	763 335	650 209	749 306
28	Total	890 330	939 814	890 330	926 129
29	Dehydration Plant				
30	Sneed				
31	Operation	6 485	6 400	6 485	6 400
32	Maintenance	878	850	878	850
33	Total	7 363	7 250	7 363	7 250
34	Taxes				
35	Ad Valorem	31 365	25 610	31 365	27 574
36	Gross Production	65 698	40 590	65 698	41 165
37	Total	97 063	66 200	97 063	38 739
38	Total — Panhandle Field	\$1 200 852	\$1 216 140	\$1 200 852	\$1 207 494

Estimate Of Operation And Maintenance Costs
South And West Of Liberal Compressor Station

Hugoton Field

338,000 MCF. Continuous Daily Sales Capacity

Operation At 90% Capacity Factor

Line No.	Department (A)	1942-43		1943-44	
		With Economic Expenditures (B)	With Less Economic Expenditures (C)	With Economic Expenditures (D)	With Less Economic Expenditures (E)
1	Transmission				
2	Operation	\$ 44 350	\$ 38 000	\$ 44 350	\$ 38 500
3	Maintenance	16 740	13 500	16 740	14 000
4	Total	61 090	51 500	61 090	52 500
5	Measurement				
6	Company Operation	20 057	16 000	20 057	16 500
7	Company Maintenance	4 070	3 000	4 070	3 000
8	Purchase Operation	7 845	7 845	7 845	7 845
9	Purchase Maintenance	968	968	968	968
10	Total	32 940	27 813	32 940	28 313
11	Compressor				
12	Operation — Hugoton	14 200	30 000	14 200	30 500
13	Maintenance — Hugoton	6 250	8 000	6 250	10 500
14	Operation — Satanta	—	30 000	—	30 500
15	Maintenance — Satanta	—	8 000	—	10 500
16	Total	20 450	76 000	20 450	82 000
17	Production				
18	Operation	20 143	17 500	20 143	18 500
19	Maintenance	8 300	7 500	8 300	8 000
20	Total	28 443	25 000	28 443	26 500
21	Land and Lease				
22	Operation	8 500	8 500	8 500	8 500
23	Royalties	175 173	160 523	175 173	160 523
24	Rents	—	—	—	—
25	Delay Rentals	92 047	106 244	92 047	106 244
26	Renewal Bonus	26 660	55 465	26 660	55 465
27	Gas Purchase Costs	874 462	1 593 570	874 462	1 593 570
28	Total	1 176 842	1 924 302	1 176 842	1 924 302
29	Taxes				
30	Ad Valorem	99 483	60 308	99 483	76 899
31	Gross Production	7 000	7 000	7 000	7 000
32	Total	106 483	67 308	106 483	83 899
33	Total — Hugoton Field	1 426 248	2 171 923	1 426 248	2 197 514
34	Total — Panhandle Field	1 200 852	1 216 140	1 200 852	1 207 494
35	Grand Total — Both Fields	\$2 627 100	\$3 388 063	\$2 627 100	\$3 405 008
36	Net Increase — Operation				
37	and Maintenance Cost.		\$ 760 963		\$ 777 908

[fol. 15993]

Exhibit 229.

Capacity Study—April 7, 1942Continuous Daily Delivery Capacity—307,000 MCF.Scope

A summary of additional facilities required and the investment necessary to increase the continuous daily delivery capacity of Panhandle Eastern and Michigan Gas Transmission Systems to 307,000 MCF.

Design Data

Maximum operating pressure, 500# Gauge, West of Zionsville, Indiana, 600# Gauge East of Zionsville.

Construction Procedure.

All facilities required are in addition to certain projects now under construction.

Gas Delivered, Used and Unaccounted For — Peak Day (Firm Basis)

Sales:	MCF	MCF	MCF
Detroit Area	133 000		
Indiana, Ohio and Michigan	90 000		
Illinois, Missouri and Kansas	84 000		
Total Sales		307 000	
Fuel		19 680	
Gasoline Dehydration Plant		2 640	
Unaccounted For		1 540	
Total Gas Requirements (Liberal Station)			330 860

Capacity Study—April 7, 1942
Continuous Daily Delivery Capacity—347,000 MCF

Investment
Additional Capital Expenditures—Compressor Stations and Main Line System

Compressor Stations	Compressor Stations
	Cost
Liberal	
Liberal Dehydration Plant	\$ 40 000
Hugoton, Kansas (New 4000 Horsepower Station Including Dehydration Plant)	120 000
	612 560

Total—Compressor Station Additions

\$ 772 560

Main Line Loops	Diameter	Length	Cost Per Mi.	Cost
Edgerton	24"x5/16"	9.94	\$26 400	\$ 262 400
Zionsville	24"x5/16"	46.67	26 400	1 232 400
Sub-Total M.G.T.				\$1 494 500
Oipe	26"x9/32"	26.64	29 420	784 000
Haven	26"x9/32"	15.53	30 219	469 300
Greensburg	26"x9/32"	20.19	30 673	619 300
Liberal	26"x9/32"	23.37	30 320	708 600
Sub-Total P.E.P.L.				2 581 200

Total—Loop Lines

4 075 700

Total Investment—Compressor Stations and Main Line Loops

[fol. 1595]

Capacity Study — April 7, 1942
Continuous Daily Delivery Capacity — 307,000 MCF

Investment
Additional Capital Expenditures — Continued

Field Pipe Lines

Kansas Gathering Lines

Total

\$64 600

Summary

Total Investment — Field Pipe Lines
Carried Forward from Page 2-

\$ 64 600

Total Investment — Compressor Stations and Main Line System

4 848 200

Total Estimated Capital Expenditures (Exclusive Standby Compressor Units,
Gas Wells and Other Field Costs)

\$4 912 860

\$ 64 600

[fol 15996]

Capacity Study — April 7, 1942
Continuous Daily Delivery Capacity — 307,000 MCF
Pipe Tonnage

Loops	
Edgerton	
Zionsville	2 080 Tons
	9 740 "
Sub-Total M.G.T.	
Olpe	
Haven	5 449 Tons
Greensburg	3 168 "
Liberal	4 319 "
	4 766 "
Sub-Total P.E.P.L.	
Field System	
Kansas Gathering Lines	17 502 Tons
Sub-Total	502 Tons

Total Tonnage Pipe Requirements P.E.P.L. System (Exclusive Compressor
 Station Additions, Gas Well Casing and Well Lines)

29 824 Tons

Capacity Study — April 7, 1942

Continuous Daily Delivery Capacity — 307,000 MCF

Estimated Cost of Adding a Standby Compressor at Each Main Line Station

Compressor Station	Additional H.P.	Cost/H.P.	Cost
Edgerton	1 300	\$ 140	\$182 000
Zionsville	1 300	130	169 000
Montezuma	1 300	130	169 000
Sub-Total M.G.T.			\$ 520 000
Tuscola	1 300	126	164 600
Glenarm	1 000	145	145 000
Pleasant Hill	1 300	125	162 500
Centralia	1 300	128	166 400
Houstonia	1 300	120	156 000
Louisburg	1 000	138	138 000
Clype	1 300	120	156 000
Haven	1 300	120	156 000
Greensburg	1 300	120	156 000
Liberal	1 000	140	140 000
Sub-Total P.E.P.L.			1 540 500
Total			\$2 060 500

Capacity Study—April 7, 1942.Completely Looped and Economically Powered Main Line
System With Economic Production-Transmission
Expenditures.Scope

A summary of additional facilities required and investment necessary to increase the continuous daily delivery capacity of Panhandle Eastern and Michigan Gas Transmission Systems to 338,000 MCF.

Design Data

Maximum operating pressure, 500# Gauge, West of Zionsville, Indiana. 600# Gauge East of Zionsville.

Construction Procedure

All facilities required are in addition to certain projects now under construction.

Gas Delivered, Used and Unaccounted For — Peak Day (Firm Basis)

Sales:	MCF	MCF	MCF
Detroit Area	164 000		
Indiana, Ohio and Michigan	90 000		
Illinois, Missouri and Kansas	84 000		
Total Sales		338 000	
Fuel		25 240	
Gasoline-Dehydration Plant		3 375	
Unaccounted For		2 327	
Total Gas Requirements (Liberal Station)			368 912

Power Data

Compressor Station	Present H.P.	H.P. Required	Additional Units
Edgerton	6 500	6 500	—
Zionsville	6 500	6 500	—
Montezuma	7 800	8 400	—
Tuscola	5 700	6 600	1-1300
Glenarm	7 000	8 000	1-1000
Pleasant Hill	7 800	9 100	1-1300
Centralia	6 500	9 650	2-1300
Houstonia	6 500	10 150	2-1300
Louisburg	7 000	9 500	2-1000
Olpe	7 800	11 000	2-1300
Haven	7 800	11 050	2-1300
Greensburg	7 800	11 600	2-1300
Liberal	10 000	11 240	1-1000

Capacity Study — April 7, 1942

InvestmentAdditional Capital Expenditures — Liberal Station and Eastward

Compressor Station	Add'l H.P.	Cost Per H.P.	Cost
Tuscola	1 300	126	\$ 164 600
Glenarm	1,000	175	175 300
Pleasant Hill	1,300	130	169 700
Centralia	2 600	124	322 650
Houstonia	2 600	135	351 000
Louisburg	2 000	134	267 400
Olpe	2 600	130	338 000
Haven	2 600	130	338 000
Greensburg	2 600	130	338 000
Liberal	1 000	145	145 000
Liberal Gasoline — Dehydration Plant			349 500

Total — Compressor Station Additions

\$2 959 150

Main Line Loops	Diameter	Length	Cost Per Mi.	Cost
Edgerton	24"x5/16"	9 94	\$26 400	\$ 262 416
Zionsville	24"x5/16"	46 67	26 400	1 232 088
Sub-Total M.G.T.				\$1 494 504
Olpe	26"x9/32"	26 64	29 429	784 000
Haven	26"x9/32"	15 53	30 219	469 300
Greensburg	26"x9/32"	20 19	30 673	619 290
Liberal	26"x9/32"	23 37	30 320	708 570

Sub-Total P.E.P.L.

2 581 160

Total — Loop Lines

4 075 664

Telephone Lines West of Dana, Indiana

522 800

Telephone Lines East of Dana, Indiana

324 000

Total

846 800

Total Investment — Liberal Station and Eastward

\$7 861 614

Capacity Study — April 7, 1942

InvestmentAdditional Capital Expenditures — South and West Liberal StationField Pipe Lines and Measuring Stations

Tex. — Well Lines and Meas. Stas.	\$ 64 151
Tex. — Gathering Lines	457 729
Tex. — Trunk Lines	672 133
Okla. — Well Lines and Meas. Stas.	97 040
Okla. — Gathering Lines	959 556
Okla. — Trunk Lines	834 200
Ks. — Well Lines and Meas. Stas.	15 702
Ks. — Trunk Lines	560 403

Total

\$3 660 923

Summary

Total Investment, South and West of Liberal —
 Exclusive Gas Wells and Other Field Costs
 Carried Forward from Page 2 — Total Investment —
 Liberal Station and Eastward

\$3 660 923

7 881 614

Total Estimated Capital Expenditures

(Exclusive Standby Compressor Units, Gas
 Wells and Other Field Costs)

\$11 542 537

Pipe TonnageLoops

Edgerton	2 080 Tons
Zionsville	9 740 "
Sub-Total M.G.T.	11 820 Tons
Olpe	5 449 "
Haven	3 168 "
Greensburg	4 119 "
Liberal	4 766 "
Sub-Total P.E.P.L.	17 502 "

Field System

Texas Well Lines	379 "
Texas Gathering Lines	3 784 "
Texas Trunk Lines	5 360 "
Oklahoma Well Lines	515 "
Oklahoma Gathering Lines	8 151 "
Oklahoma Trunk Lines	6 500 "
Kansas Well Lines	86 "
Kansas Trunk Lines	5 030 "
Sub-Total	29 805 "

Total Tonnage Pipe Requirements
PEPL — MGT Systems (Exclusive
Compressor Station Additions and
Gas Well Casing)

59 127 Tons

Estimated Cost of Adding a Standby Compressor at Each Main Line Station

Compressor Station	Additional H. P.	Cost/H.P.	Cost
Edgerton	1 300	\$ 140	\$ 182 000
Zionsville	1 300	130	169 000
Montezuma	1 300	130	169 000
Sub-Total M.G.T.			\$ 520 000
Tuscola	1 300	145	189 500
Glenarm	1 000	135	135 000

Pleasant Hill	1 300	115	149 500*
Centralia	1 300	110	143 000*
Houstonia	1 300	110	143 000*
Louisburg	1 000	128	128 000*
Olpe	1 300	110	143 000*
Haven	1 300	110	143 000*
Greensburg	1 300	110	143 000*
Liberal	1 000	130	130 000*
Sub-Total P.E.P.L.			1 407 000
Total			\$1 927 000

*These prices assume this work will be done in conjunction with the additions of other units required.

[601.16003]

Exhibit 231.

Capacity Study—April 7, 1942, Revised

Completely Looped and Economically Powered Main Line System with Less Economic Production-Transmission

Expenditures.

Scope

A summary of additional facilities required and investment necessary to increase the continuous daily delivery capacity of Panhandle Eastern and Michigan Gas Transmission Systems to 338,000 MCF involving a minimum quantity of steel for pipe lines and no trunk telephone lines.

Design Data

Maximum operating pressure, 500# Gauge, West of Zionsville, Indiana, 600# Gauge East of Zionsville.

Construction Procedure

All facilities required are in addition to certain projects now under construction.

Gas Delivered, Used and Unaccounted For — Peak Day (Firm Basis)

Sales:	MCF	MCF	MCF
Detroit Area	164 000		
Indiana, Ohio and Michigan	90 000		
Illinois, Missouri and Kansas	84 000		
Total Sales		338 000	
Fuel		25 210	
Gasoline-Dehydration Plant		3 375	
Unaccounted For		2 327	
Total Gas Requirements (Liberal Station)			368 912

Power Data

Compressor Station	Present H.P.	H.P. Required	Additional Units
Edgerton	6 500	6 500	—
Zionsville	6 500	6 500	—
Montezuma	7 800	8 400	—
Tuscola	5 700	6 000	1-1300
Glenarm	7 000	8 000	1-1000
Pleasant Hill	7 800	9 100	1-1300
Centralia	6 500	9 650	2-1300
Houstonia	6 500	10 150	2-1300
Louisburg	7 000	9 500	2-1000
Olpe	7 800	11 000	2-1300
Haven	7 800	11 050	2-1300
Greensburg	7 800	11 600	2-1300
Liberal	10 000	11 240	1-1000
Hugoton	—	4 000	4-1000
Satanta	—	4 000	4-1000

InvestmentAdditional Capital Expenditures — Compressor Stations and Main Line Loops

Compressor Stations	Add'l H.P.	Cpst Per H.P.	Cost
Tuscola	1 300	126	\$ 164 600
Glenary	1 000	175	175 300
Pleasant Hill	1 300	130	169 700
Centralia	2 600	124	322 650
Houstonia	2 600	135	351 000
Louisburg	2 000	134	267 400
Olpe	2 600	130	338 000
Haven	2 600	130	338 000
Greensburg	2 600	130	338 000
Liberal	1 000	145	145 000
Liberal Gasoline — Dehydration Plant			349 500
Hugoton, Ks. (New 4000 Horsepower Station Including Dehydration Plant)			612 560
Sajanta, Ks. (New 4000 Horsepower Station Including Dehydration Plant)			612 560

Total Compressor Station Additions

\$4 184 270

Main Line Loops	Diameter	Length	Cost Per Mi.	Cost
Edgerton	24"x5/16"	9 94	\$26 400	\$ 262 416
Zionsville	24"x5/16"	46 67	26 400	1 232 088
Sub-Total M.G.T.				\$1 494 504
Olpe	26"x9/32"	26 64	29 429	784 000
Haven	26"x9/32"	15 53	30 219	469 300
Greensburg	26"x9/32"	20 49	30 673	619 290
Liberal	26"x9/32"	23 37	30 320	708 570

Sub-Total P.E.P.L.

2 581 160

Total — Loop Lines

4 075 664

Total Investment Compressor Stations and Main Line Loops

\$8 259

[fol. 16005]

Capacity Study — April 7, 1942, RevisedInvestmentAdditional Capital Expenditures — ContinuedField Pipe Lines

Kansas — Gathering Lines	\$61 600
Total	\$ 64 600

Summary

Total Investment, Field Pipe Lines	\$ 64 600
Carried Forward from Page 2 —	
Total Investment — Compressor Stations and Main Line Loops	\$ 259 934

Total Estimated Capital Expenditures (Exclusive of Standby Compressor Units, Gas Wells and Other Field Costs)	\$8 324 534
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[fol. 16006]

Capacity Study — April 7, 1942, RevisedPipe TonnageLoops

Edgerton	2 080 Tons	
Zionsville	9 740 "	
Sub-Total M.G.T.		11 820 Tons
Olpe	5 449 "	
Haven	3 168 "	
Greensburg	4 119 "	
Liberal	4 766 "	
Sub-Total P.E.P.L.		17 502 Tons

Field System

Kansas Gathering Lines	502 "	
Sub-Total		502 Tons

Total Tonnage Pipe Requirements
PEPL — MGT Systems (Exclusive
Compressor Station Additions and
Gas Well Casing)

29 824 Tons

5872

[fol. 16007]

Capacity Study — April 7, 1942, RevisedEstimated Cost of Adding Standby Compressor at Each Main Line Station

Compressor Station	Additional H. P.	Cost/H.P.	Cost
Edgerton	1 300	\$ 140	\$ 182 000
Zionsville	1 300	130	169 000
Montezuma	1 300	130	169 000
Sub-Total M.G.T.			\$ 520 000
Tuscola	1 300	115	149 500*
Glenarm	1 000	135	135 000*
Pleasant Hill	1 300	115	149 500*
Centralia	1 300	110	143 000*
Houstonia	1 300	110	143 000*
Louisburg	1 000	128	128 000*
Olpe	1 300	110	143 000*
Haven	1 300	110	143 000*
Greensburg	1 300	110	143 000*
Liberal	1 000	130	130 000*
Sub-Total P.E.P.L.			1 407 000
Grand Total			<u>\$1 927 000</u>

*These prices assume this work will be done in conjunction with the additions of other units required.

[fol. 16008]
Docket G-207

(Exhibit 232.)

Michigan Gas Transmission Corporation

Computation of Average Return Earned on Net Investment
For the Period March 1, 1936 to December 31, 1941

Account	Cumulative Total (Ex. 99 and 163)	Adjustment for Taxes Not Paid	As Adjusted	Average (5-5/6 yrs.)
<u>Statement of Net Operating Revenue</u>				
<u>Operating Revenues:</u>				
Gas	\$15,654,257		\$15,654,257	\$2,683,740
Miscellaneous Rents	2,670		2,670	458
Transportation of Gas	6,407,745		6,407,745	1,098,533
Total Operating Revenue	22,064,672		22,064,672	3,782,731
<u>Operating Revenue Deductions:</u>				
Operation	14,345,675		14,345,675	2,459,399
Maintenance	242,007		242,007	41,489
Depreciation	1,539,930		1,539,930	264,003
Taxes: Federal Income	633,291	54,794	578,497	99,177
Fed. Excess Profits	239,654	135,595	104,059	17,840
State, Local and Misl. Federal	712,817		712,817	122,204
Total Operating Expenses	17,743,374	190,389	17,522,985	3,004,112
Net Operating Revenue	\$ 4,351,298		\$ 4,541,687	\$ 778,619
Average Net Investment				\$9,134,568
Average Return Earned				8 1/2%

Average Net Investment:

Year Ended Dec. 31	Gas Plant Per Ex. 201	Depreciation Reserve Ex. 88 and 163	Net Adjustment For Intercom- pany Profit	Net Investment
1936	\$ 7,770,429	\$ 275,878	\$121,500	\$ 7,373,051
1937	9,226,241	511,336	117,900	8,597,005
1938	9,260,047	787,284	114,300	8,358,463
1939	9,812,436	1,057,725	110,700	8,644,011
1940	12,290,820	1,340,075	107,100	10,843,645
1941	12,792,700	1,697,966	103,500	10,991,234
Total				\$54,807,409
Average (6 years)				\$ 9,134,568

EXHIBIT 233.

PROSPECTUS

5875

Panhandle Eastern Pipe Line Company

\$10,000,000

FIRST MORTGAGE AND FIRST LIEN 3% BONDS,

SERIES C, DUE JANUARY 1, 1962

and

150,000 SHARES 5.60% CUMULATIVE PREFERRED STOCK

(PAR VALUE \$100 PER SHARE)

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY
THE SECURITIES AND EXCHANGE COMMISSION**

Panhandle Eastern Pipe Line Company has registered these securities by filing certain information with the Commission. The Commission has not passed on the merits of any securities registered with it.

EXHIBIT 233.

April 2, 1942

SUPPLEMENTAL INFORMATION

To Be Read in Connection with Prospectus, Dated February 3, 1942.

PANHANDLE EASTERN PIPE LINE COMPANY

\$10,000,000

First Mortgage and First Lien 3% Bonds, Series C

Due January 1, 1962

and

150,000 shares 5.60% Cumulative Preferred Stock

(par value \$100 per share)

On and after April 2, 1942, the public offering price of the Preferred Stock will be \$100 per share flat.

Certain of the Purchasers named in the Prospectus are making available for sale to approved Dealers shares of such Preferred Stock at such public offering price less a concession of \$1.50 per share payable to such Dealers, provided that any Preferred Stock purchased by such Dealers shall not be repurchased by the Representatives for the account of the several Purchasers at or below such public offering price prior to May 15, 1942 or such earlier date as the Representatives may determine. Each of such approved Dealers will agree that it will not offer any shares of the Preferred Stock at any price below such public offering price.

The agreement with the Selected Stock Dealers referred to on page 81 of the above mentioned Prospectus was terminated on April 1, 1942.

Prospectus relates will be first offered to certain of the Company's Common Stockholders. As to any of such shares purchased by such stockholders, upon such offering, the Company will receive \$104 per share plus accrued dividends and will pay no underwriting discounts or commissions.

Glore, Forgan & Co.

Kidder, Peabody & Co.

No person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offers contained in this Prospectus, and if given or made, such information or representation must not be relied upon as having been authorized by the Company or by any of the Underwriters. This Prospectus does not constitute an offer by any Underwriter to sell any of the securities in any State to any person to whom it is unlawful for such Underwriter to make such offer in such State.

The date of this Prospectus is February 3, 1942.

APPLICATION OF PROCEEDS

The net proceeds to be received by the Company from the issue and sale of the Series C Bonds and the Cumulative Preferred Stock (First Series), estimated to amount to \$25,043,835, exclusive of accrued interest and dividends, which net proceeds, after deducting expenses in connection with the issue and sale of said Bonds and Preferred Stock, will amount to approximately \$24,893,835, are to be applied approximately as follows:

1. To the purchase from Columbia Gas & Electric Corporation of all the outstanding securities (stock and indebtedness) of Michigan Gas Transmission Corporation, as more fully explained herein under caption "Certain Proposed Acquisitions"	\$10,676,000*
2. To the purchase from Columbia Gas & Electric Corporation of all the outstanding securities (stock and indebtedness) of Indiana Gas Distribution Corporation, as more fully explained herein under caption "Certain Proposed Acquisitions"	\$ 154,000*
3. To the purchase from The Ohio Fuel Gas Company of certain natural gas pipe lines in Indiana and Ohio, as more fully explained herein under caption "Certain Proposed Acquisitions"	\$ 439,000
4. To the redemption of all of the Company's outstanding Class A Preferred Stock (now owned beneficially by Columbia Oil & Gasoline Corporation), exclusive of accrued dividends which will be paid out of the Company's general funds	\$10,000,000
5. To the payment of part of the cost of construction work now authorized as more fully described under the caption "Property"	\$ 3,624,835**
	<u>\$24,893,835</u>

* This figure will be adjusted upward or downward in an amount equal to the increase or decrease, as the case may be, of the surplus of this corporation during the period between September 30, 1941 and the date of purchase.

** The balance (estimated at \$4,946,000 as of September 30, 1941) of the payments of the cost of construction work now authorized is to be made from the general funds of the Company.

The consideration to be received for the shares of Cumulative Preferred Stock (First Series) (other than accrued dividends) is, to the extent of the par value of such shares, to be credited to capital and, to the extent of any excess of such consideration over such par value, is to be credited to premium on capital stock as provided in the Uniform System of Accounts prescribed by the Federal Power Commission for Natural Gas Companies.

CAPITALIZATION AND FUNDED DEBT

Upon the issue and sale of the Series C Bonds and the Cumulative Preferred Stock (First Series), and upon the redemption for retirement of the Class A Preferred Stock, the outstanding funded debt and capitalization of the Company, tabulated as of September 30, 1941, will be as follows:

	Amount Authorized	To Be Outstanding as Above
First Mortgage and First Lien Bonds, Series A, due serially November 1, 1946-1950(1)	\$ 6,250,000(2)	\$ 6,250,000
First Mortgage and First Lien 3% Bonds, Series B, due November 1, 1960	12,000,000(2)	12,000,000
First Mortgage and First Lien 3% Bonds, Series C, due January 1, 1962	10,000,000(2)	10,000,000
Serial Notes, due serially November 1, 1942-1945(3)	5,000,000	5,000,000
Leasehold Purchase Obligation(4)	62,000	14,256
Capital Stock:		
5.60% Cumulative Preferred Stock (par value \$100 per share)	(5)	150,000 shs.
Class B Preferred Stock (6% cumulative, par value \$100 per share)	10,000 shs.(6)	10,000 shs.
Common Stock, without par or stated value	810,000 shs.(7)	807,367 shs.

(1) The Series A Bonds mature and bear interest as follows: \$1,250,000, due November 1, 1946, bear interest at 1.65%; \$1,250,000, due November 1, 1947, bear interest at 1.85%; \$1,250,000, due November 1, 1948, bear interest at 2.00%; \$1,250,000, due November 1, 1949, bear interest at 2.15%; and \$1,250,000, due November 1, 1950, bear interest at 2.30%.

(2) Under the Indenture, the issuance of Series A Bonds, Series B Bonds and Series C Bonds is limited to \$6,250,000, \$12,000,000 and \$10,000,000, principal amount, respectively. Bonds of other series may be issued without limit as to amount, subject to the restrictions in the Indenture under which the Bonds are issued. See caption "Description of Series C Bonds", sub-caption "Additional Issuance of Bonds".

(3) The Serial Notes mature and bear interest as follows: \$1,250,000, due November 1, 1942, bear interest at 0.75%; \$1,250,000, due November 1, 1943, bear interest at 1.00%; \$1,250,000, due November 1, 1944, bear interest at 1.25%; and \$1,250,000, due November 1, 1945, bear interest at 1.50%.

- (4) Payable monthly from gas produced, unpaid balance payable August 31, 1946.
- (5) The 5.60% Cumulative Preferred Stock offered hereby is part of an authorized issue of 250,000 shares of Cumulative Preferred Stock. The remaining authorized shares are issuable from time to time in one or more series varying with respect to rate of dividend, redemption price, preference on voluntary liquidation and in other respects, all as determined from time to time by the Board of Directors of the Company prior to the issuance of shares of a particular series.
- (6) The three members of the Company's Board of Directors representing thereon Missouri-Kansas Pipe Line Company have voted against the payment of dividends on the Company's Class B Preferred Stock on the ground that such stock is not validly outstanding. In the opinion of Edward N. Goodwin, Esq., General Counsel for the Company, such stock is validly outstanding. A copy of such opinion is filed as an exhibit to the Registration Statement, to which opinion reference is hereby made.
- (7) Reference is hereby made to the caption "Certain Other Phases of Corporate History", for a description of certain litigation concerning an obligation of Columbia Oil & Gasoline Corporation to purchase 1,285 shares of Common Stock of the Company.

On December 19, 1941, the Board of Directors of the Company declared dividends in the aggregate amount of \$299,561.17 on the outstanding Preferred Stock; and in the aggregate amount of \$406,683.50 on the outstanding Common Stock, payable in January, 1942.

EARNINGS

The following condensed statement of consolidated earnings has been prepared by the Company from the Statement of Consolidated Income of the Company and its subsidiaries certified by Messrs. Arthur Andersen & Co. for the three years and nine months ended September 30, 1941, and has been reviewed by Messrs. Arthur Andersen & Co. The summary is subject to, and should be read in conjunction with, the notes relating to the Statement of Consolidated Income and the certificate of Messrs. Arthur Andersen & Co., all of which are set forth hereinafter on pages 61, 68, 69 and 70.

Particulars	Year Ended December 31,			Nine Months Ended September 30, 1941
	1938	1939	1940	
Operating revenues:				
Gas sales	\$9,540,967.85	\$11,461,388.31	\$13,167,241.73	\$10,518,678.44
Gasoline sales	353,128.71	513,940.99	355,722.01	432,677.73
Miscellaneous	13,032.46	21,439.93	12,489.05	7,424.68
Total operating revenues	\$9,907,129.02	\$11,996,769.23	\$13,535,452.79	\$10,958,780.85
Operating expenses and taxes:				
Operation	\$2,169,294.96	\$2,399,426.95	\$2,723,369.87	\$2,181,455.91
Maintenance	217,207.07	299,483.39	277,394.65	232,460.29
Depreciation, depletion and amortization	2,055,500.00	2,200,000.00	2,210,000.00	1,733,206.53
Taxes—State, local and miscellaneous—Federal	577,888.16	675,477.83	612,871.48	543,777.17
Charges in lieu of Federal normal income and excess profits taxes	—	—	—	587,000.00
Taxes—Federal normal income and excess profits taxes	513,426.21	820,286.12	1,997,598.47	1,850,000.00
Total operating expenses and taxes	\$5,533,316.40	\$6,394,674.29	\$7,821,234.47	\$7,147,899.90
Net earnings from operations	\$4,373,812.62	\$5,602,094.94	\$5,714,218.32	\$3,810,880.95
Interest Deductions:				
Interest on funded debt	\$944,233.34	\$923,333.32	\$903,333.32	\$437,080.31
Other interest deductions (net)	\$1,956.56	509.41	10,640.42*	6,773.95*
Amortization of debt discount and expense**	319,676.50	314,852.87	310,029.24	223,298.61
Interest charged to construction	1,277.51*	—	36,827.80*	1,275.92*
Total interest deductions	\$1,314,588.88	\$1,238,695.60	\$1,165,894.34	\$652,329.05
Net income	\$3,059,223.74	\$4,363,399.34	\$4,548,323.98	\$3,158,551.90

* Denotes red figure.

** Pursuant to a resolution adopted by the Board of Directors on December 19, 1941, the unamortized balance of debt discount and expense has been charged to earned surplus.

The maximum aggregate annual interest requirements on the First Mortgage and First Lien Bonds, Series A, on the First Mortgage and First Lien 3% Bonds, Series B, on the First Mortgage and First Lien 3% Bonds, Series C, and on the Serial Notes, will be \$840,625.

The maximum annual dividend requirement on the Cumulative Preferred Stock (First Series) will amount to \$840,000, and on the Class B Preferred Stock amounts to \$60,000.

TENTATIVE PRO FORMA EARNINGS

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The following condensed pro forma statement of consolidated income of the Company and its subsidiaries and Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation has been prepared by the Company as to the three years ended December 31, 1940 from the respective statements of income hereinafter set forth on pages 68, 75 and 78 and, from the books of the companies as to the twelve months ended September 30, 1941, (1) on the basis that the financing of the cost of the acquisition of the outstanding stock and indebtedness of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation had been accomplished by the issuance of securities which would have resulted in an increase of \$300,000 per annum in the aggregate amount of interest and amortization cost to the Company; that the interest expense shown as applicable to obligations of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation to Columbia Gas & Electric Corporation, their parent, would have aggregated the same amount had the Company been the parent company; and that dividends had been paid by Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation in each year to the extent of the net income for that year; and (2) after giving effect to estimated increases in Federal income taxes, which would have resulted had such interest and dividends been paid by Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation to the Company in each year to the full extent of their net income. Such statement is subject to the notes appended to the statements of income of the Company and its subsidiaries and of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation, respectively.

	Year Ended December 31,			Twelve Months Ended September 30, 1941
	1938	1939	1940	
Operating revenues:				
Gas sales	\$10,980,859.00	\$13,258,845.62	\$15,250,648.43	\$16,475,707.15
Gasoline sales	353,128.71	513,940.99	355,722.01	566,775.88
Miscellaneous	14,638.29	22,578.34	13,408.14	11,641.58
Total operating revenues	\$11,348,626.00	\$13,795,364.95	\$15,619,778.58	\$17,054,124.61
Operating expenses and taxes:				
Operation	\$ 2,476,169.74	\$ 2,665,426.44	\$ 3,005,868.89	\$ 3,309,320.80
Maintenance	259,788.68	344,398.68	332,018.89	385,489.63
Depreciation, depletion and amortization	2,334,261.07	2,479,762.98	2,506,307.68	2,685,255.69
Charges in lieu of Federal normal income and excess profits taxes	—	—	—	587,000.00
Taxes—State, local and miscellaneous Federal	692,722.52	807,469.23	776,515.90	815,249.82
Taxes—Federal normal income and excess profits taxes	599,414.04	968,927.45	2,449,723.69	2,975,020.21
Total operating expenses and taxes	\$ 6,362,356.05	\$ 7,265,984.78	\$ 9,070,435.05	\$10,757,336.15
Net earnings from operations	\$ 4,986,269.95	\$ 6,529,380.17	\$ 6,549,343.53	\$ 6,296,788.46
Interest Deductions:				
Interest on funded debt	\$ 1,244,233.34	\$ 1,223,333.32	\$ 1,203,333.32	\$ 962,080.31
Other interest deduction, net)	52,953.24	11,327.32	5,207.17*	1,518.48
Amortization of debt discount and expense**	319,676.50	314,852.87	310,029.24	300,604.92
Interest charged to construction	1,288.33*	3,912.92*	64,947.45*	38,139.64*
Total interest deductions	\$ 1,615,574.75	\$ 1,545,600.54	\$ 1,443,207.94	\$ 1,226,064.07
Net income	\$ 3,370,695.20	\$ 4,983,779.63	\$ 5,106,135.59	\$ 5,070,724.39

* Denotes red figure.

** Pursuant to a resolution adopted by the Board of Directors on December 19, 1941, the unamortized balance of debt discount and expense has been charged to earned surplus.

SINKING FUND AND REDEMPTION PROVISIONS OF THE SERIES C BONDS

Sinking Fund Provision

In the Supplemental Indenture mentioned under the caption "Description of Series C Bonds" the Company will covenant to deliver to the Corporate Trustee or to redeem, for the sinking fund, (a) on July 1, 1942, \$250,000 aggregate principal amount of Bonds of Series C, (b) on July 1, 1943 and on each July 1 thereafter to and including July 1, 1960, \$500,000 aggregate principal amount of Series

C Bonds, and (c) on July 1, 1961, \$250,000 aggregate principal amount of Bonds of Series C. The amount of Series C Bonds required so to be retired on any such July 1 may be partly so delivered to the Corporate Trustee and partly called for redemption, and each such sinking fund instalment may be anticipated in whole or in part as stated below. The Series C Bonds will be redeemable for the sinking fund on each such July 1, on at least 30 days published notice, at their principal amount and accrued interest thereon to the date of redemption, together with the following premium on such principal amount:

- if redeemed on or before July 1, 1945, $1\frac{1}{4}\%$;
- if redeemed thereafter and on or before July 1, 1949, 1% ;
- if redeemed thereafter and on or before July 1, 1953, $\frac{3}{4}\%$;
- if redeemed thereafter and on or before July 1, 1957, $\frac{1}{2}\%$;
- if redeemed thereafter and on or before July 1, 1961, $\frac{1}{4}\%$.

Series C Bonds so to be redeemed are to be selected by lot by the Corporate Trustee.

The Company is to have the right to anticipate at any time or from time to time all or any part of such sinking fund requirements by delivering Series C Bonds to the Corporate Trustee or by redeeming and paying Series C Bonds upon the notice and at the respective redemption prices hereinafter under the subcaption "Redemption Provisions" set forth with respect to the redemption of Series C Bonds at the election of the Company. To the extent that the Company shall at any time so anticipate such sinking fund requirements, it shall be entitled to credit on account of such sinking fund requirements for the principal amount of Series C Bonds so delivered to the Corporate Trustee or so redeemed and paid.

All Series C Bonds delivered to the Corporate Trustee or redeemed for the sinking fund are to be cancelled and no Bonds may be issued under the Indenture in lieu thereof or in exchange therefor.

(See Article III of the Supplemental Indenture.)

Redemption Provisions

The Series C Bonds will also be subject to redemption at the election of the Company in whole or in part (selected by lot by the Corporate Trustee) at any time in amounts of not less than \$500,000, on at least 30 days published notice, at their principal amount and accrued interest thereon to the date of redemption, together with the following premiums on such principal amount:

- if redeemed on or before December 31, 1944, $3\frac{3}{4}\%$;
- if redeemed thereafter and on or before December 31, 1947, $3\frac{1}{8}\%$;
- if redeemed thereafter and on or before December 31, 1950, $2\frac{1}{2}\%$;
- if redeemed thereafter and on or before December 31, 1953, $1\frac{7}{8}\%$;
- if redeemed thereafter and on or before December 31, 1956, $1\frac{1}{4}\%$;
- if redeemed thereafter and on or before December 31, 1959, $\frac{3}{4}\%$;
- if redeemed thereafter and on or before December 31, 1960, $\frac{3}{8}\%$;
- if redeemed on or after January 1, 1961, no premium.

(See Article II of the Supplemental Indenture.)

See the foregoing sub-caption "Sinking Fund Provision" for information concerning redemption of Series C Bonds through the sinking fund therefor, and the redemption prices applicable in such instances.

DIVIDEND RATE AND REDEMPTION PRICES FOR CUMULATIVE PREFERRED STOCK (FIRST SERIES)

The holders of the 5.60% Cumulative Preferred Stock (hereinafter called the Cumulative Preferred Stock, (First Series)) shall be entitled to receive out of the net profits or the net assets of the Company applicable to dividends, when and as declared by the Board of Directors, dividends in cash at the rate of 5.60% of the par value thereof per annum, and no more, payable on the first days of January, April, July and October. For further information with respect to the dividend rights of the holders of such stock, reference is made to the caption "Description of Cumulative Preferred Stock (First Series)".

The redemption price of the Cumulative Preferred Stock (First Series) applicable to shares of said stock called for redemption through operation of the sinking fund therefor is \$105 per share plus accrued dividends.

The redemption price of Cumulative Preferred Stock (First Series) applicable to shares of said stock called for redemption other than through operation of the sinking fund is \$108 per share plus accrued dividends.

HISTORY AND BUSINESS

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The Company is engaged in the production, purchase, transmission and sale of natural gas, the major part of which is sold to gas transmission companies and to gas distribution companies for resale. The Company's principal natural gas transmission system, which was placed in practical operation in the early part of 1932, extends from the Amarillo gas field in the Texas Panhandle and from the Hugoton gas field in Southwestern Kansas through the States of Oklahoma, Kansas, Missouri and Illinois, to a point near Dana, Indiana, adjacent to the Illinois-Indiana boundary. The Company also operates, as a separate unit, a minor transmission system located in the general vicinity of Kansas City, Missouri.

The Company intends to use a part of the proceeds of the sale of securities being offered hereby to acquire all of the outstanding securities of Michigan Gas Transmission Corporation (a wholly-owned subsidiary of Columbia Gas & Electric Corporation). The natural gas pipe line system of Michigan Gas Transmission Corporation is located in the States of Indiana, Ohio and Michigan, and consists principally of pipe lines extending from the present eastern terminus of the Company's system at Dana, Indiana, to points near Detroit, Michigan, and Muncie, Indiana.

The Company produces approximately one-half of its gas requirements and purchases the remainder from others.

The Company's largest customer is Michigan Consolidated Gas Company (formerly Detroit City Gas Company), which company purchases from the Company the natural gas it resells through its distribution systems in Detroit and Ann Arbor, Michigan, and environs. Natural gas sold to Michigan Consolidated Gas Company is delivered by the Company to Michigan Gas Transmission Corporation at the latter's western terminus near Dana, Indiana, for transmission and redelivery to Michigan Consolidated Gas Company. During the 12 months ended September 30, 1941, such sales in M.C.F. to Michigan Consolidated Gas Company amounted to approximately 39% of the Company's total sales.

The Company has entered into a contract with Consumers Power Company in which it has, among other things, agreed to construct certain pipe lines in Michigan and to supply a major part of the natural gas requirements of Consumers Power Company for distribution in its Flint, Pontiac, Jackson, Kalamazoo, Owosso and Battle Creek Divisions. Natural gas to be sold through the Company's proposed Michigan pipe lines will be transported by Michigan Gas Transmission Corporation from a point near Dana, Indiana, to the point of connection of that company's system with the Company's proposed Michigan lines.

The Company supplies natural gas to a number of communities in central Indiana and in northwestern Ohio, the more important customers being Central Indiana Gas Company and Richmond Gas Corporation. Deliveries of natural gas to the Company's customers located in Indiana and in Ohio are also made through Michigan Gas Transmission Corporation.

The Company also sells gas to Michigan Gas Transmission Corporation for resale by that company to certain distributing companies and municipalities in Indiana. The more important of such distributing companies include Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Public Service Company of Indiana.

The Company sells Kentucky Natural Gas Corporation (a minority of the voting stock of which is owned by Missouri-Kansas Pipe Line Company) certain of its gas requirements, delivery being made at the Company's Dana, Indiana, measuring station.

Illinois Natural Gas Company (a wholly owned subsidiary of the Company) sells natural gas to certain distributing companies and industrial customers in Illinois. The principal customers so served are Central Illinois Light Company, Illinois Iowa Power Company and Central Illinois Public Service Company. All gas sold by Illinois Natural Gas Company is purchased from the Company.

The more important distributing companies in Missouri obtaining natural gas from the Company are Missouri Power & Light Company, Citizens Gas Company of Hannibal and Missouri Utilities Company.

Delivery of gas by the Company and its wholly owned subsidiary, Illinois Natural Gas Company, directly to industries and to other gas companies for resale to industrial customers is, in most instances, subject to curtailment, interruption or discontinuance in the event of an insufficiency in the supply of gas.

It is estimated that approximately 705,000 gas consumers are supplied directly and indirectly with gas from the Company's system, of which approximately 450,000 are customers of Michigan Consolidated Gas Company.

The following tabulation shows for the Company and its wholly-owned subsidiary companies the sales of gas in M.C.F. (thousands of cubic feet) and the revenues from the sale of gas for the 12 months ended September 30, 1941:

<u>Classification</u>	<u>Sales Volume in M.C.F.</u>	<u>Revenue from Sales</u>
Residential	85,610	\$ 57,409.16
Commercial	46,801	20,888.36
Industrial	4,925,435	831,124.98
Other Gas Companies	56,763,102	13,333,776.91
<u>Total</u>	<u>61,820,948</u>	<u>\$14,243,199.41</u>

Substantially all the gas included in the foregoing table under the classifications "Residential" and "Commercial" was sold by the Company to its former subsidiary, Central Distributing Company, and resold at retail by such subsidiary. On January 25, 1941, the Company disposed of such subsidiary, but has continued to supply gas to it for resale.

The Company's contracts for the supply of natural gas to distributing companies for resale in Liberty, Smithville, Avondale, Excelsior Springs and Harrisonville, Missouri, and Paola, Louisburg and Osawatimie, Kansas, are for only a part of the natural gas requirements thereof. The Company's combined revenues from sales to such distributing companies for resale in the above named communities during the 12 months ended September 30, 1941 amounted to approximately \$125,000.

The Company is engaged as an incident to its natural gas business, in the extraction, processing and sale of natural gasoline.

The Company is not contemplating any change in the general character of its business or of the business of its subsidiary.

In order to supply additional markets and to meet increased demands of markets already connected, the Company increased the capacity of its transmission system during the years 1936, 1937 and 1940 by the construction of additional pipe lines and compressor stations and the enlarging of existing compressor stations. This expansion of facilities also included, among other things, the acquisition of additional gas reserves, the drilling of additional wells, and the construction of a gasoline extraction and gas dehydration plant. During this period approximately \$21,000,000 was expended by the Company and its subsidiary for such expansion of facilities. During the year 1941 the Company authorized certain construction work of a similar nature, a large part of which is now in progress, involving expenditures then estimated at approximately \$9,000,000. It is anticipated that the ultimate cost of such work may exceed such estimate by approximately 10%. At the present time the Company has priority ratings for material involved in such construction work considered by it to be generally satisfactory.

The following tabulation shows for the past 5 calendar years, and for the 12 months ended September 30, 1941, for the Company and its wholly owned subsidiary companies the sales of gas in M.C.F. (thousands of cubic feet) to customers by states and groups of states:

<u>Year</u>	<u>Texas, Oklahoma and Kansas</u>	<u>Missouri</u>	<u>Illinois</u>	<u>Indiana and Ohio</u>	<u>Michigan</u>	<u>Total</u>
1936	2,500,332	6,803,511	7,257,283	6,229,747	3,957,058	26,747,931
1937	2,366,788	7,276,270	7,554,821	7,639,485	15,969,598	40,806,962
1938	2,955,385	6,857,223	6,601,142	8,739,715	16,032,297	41,185,762
1939	2,479,149	8,009,919	7,398,929	12,953,121	18,391,954	49,233,072
1940	2,120,646	8,860,840	8,557,633	14,574,370	22,281,273	56,394,762
12 months end- ed September 30, 1941	2,180,719	9,887,598	8,959,441	17,034,842	23,758,348	61,820,948

Sales of gas in Ohio commenced in the year 1939 and amounted to 55,015 M.C.F. for that year and amounted to 150,693 M.C.F. in the year 1940. For the 12 months ended September 30, 1941, sales of gas in Ohio amounted to 182,924 M.C.F.

A considerable part of the increase in sales of gas indicated by the above table has been due to the commencement of natural gas service to communities not theretofore served with natural gas from the Company's system. Since January 1, 1936 such new natural gas service (directly and indirectly from the Company's system) has been extended to 64 communities having an aggregate population of approximately 2,323,000.

CERTAIN PROPOSED ACQUISITIONS

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Michigan Gas Transmission Corporation

The Company proposes, contemporaneously with the issuance and sale of the securities being offered hereby, to acquire from Columbia Gas & Electric Corporation, 61 Broadway, New York, N. Y. all of the outstanding stock and indebtedness of Michigan Gas Transmission Corporation (herein sometimes called "Michigan Gas"). Said stock and indebtedness, as of September 30, 1941, amounted to:

	Amount
Notes and Loans payable to Columbia Gas & Electric Corporation—	
Demand Notes—6%	\$5,900,500.00
Demand Loans—6%	2,420,000.00
Common Stock, without par value	44,800 shares*
* Stated on the books of Michigan Gas at \$2,240,000.00.	

The Company understands that Michigan Gas owns a system of natural gas pipe lines, compressor stations and equipment located in the States of Indiana, Ohio and Michigan; that the principal lines and stations consist of two pipe lines (1—20" line and 1—24" line) extending from the present eastern terminus of the Company's system (a point in Vermillion County, Indiana near Dana, Indiana) to a point near Zionsville, Indiana, a distance of approximately 70 miles; an 18" pipe line extending from said point near Zionsville, Indiana, to a point near Muncie, Indiana, a distance of approximately 52 miles; a 22" pipe line extending from said point near Zionsville, Indiana, to a point at or near Detroit, Michigan, a distance of approximately 230 miles and that said system includes three compressor stations in Indiana; namely, Montezuma (7800 horsepower), Zionsville (6500 horsepower), and Edgerton (6500 horsepower).

Substantially all of the natural gas sold or transported by Michigan Gas is obtained from the Company as more fully set forth above under the caption "History and Business".

Reference is hereby made to the financial statements of Michigan Gas contained herein for further information.

Indiana Gas Distribution Corporation

The Company proposes, contemporaneously with the issuance and sale of the securities being offered hereby, to acquire from Columbia Gas & Electric Corporation all of the outstanding stock and indebtedness of Indiana Gas Distribution Corporation (herein sometimes called "Indiana Gas"). Said stock and indebtedness, as of September 30, 1941, amounted to:

	Amount
Notes and Loans payable to Columbia Gas & Electric Corporation:	
Demand Notes—6%	\$126,000.00
Demand Loans—6%	15,000.00
Common Stock, without par value	20 shares*
* Stated on the books of Indiana Gas at \$1,000.00.	

Indiana Gas distributes natural gas at retail to residential and commercial customers located in Brownsburg, Carmel, Dana, Danville, North Salem, Rockville and Zionsville, all in the State of Indiana, and to one industrial customer located at or near Winchester, Indiana. Indiana Gas supplies approximately 1,800 customers with natural gas which it purchases from either Michigan Gas or the Company. The Company understands that the principal properties owned by Indiana Gas consist of gas distribution systems in the aforementioned communities and certain short pipe lines connecting said distribution systems with the pipe line system of Michigan Gas.

The Ohio Fuel Gas Company Lines

The Company proposes, contemporaneously with the issuance and sale of the securities being offered hereby, to acquire certain natural gas pipe lines from The Ohio Fuel Gas Company, 99 North Front Street, Columbus, Ohio. The principal lines to be acquired consist of approximately 13 miles of 16" pipe line extending generally eastward from a point near Muncie, Indiana, to a point approximately 2½ miles east of the Indiana-Ohio boundary together with certain pipe lines branching therefrom. The principal branch lines are a 10" line approximately 13 miles in length extending to a point near Richmond, Indiana, and a 6" and 6½" line approximately 7 miles in length extending to Winchester, Indiana.

The Ohio Fuel Gas Company is a subsidiary of Columbia Gas & Electric Corporation. Reference is hereby made to the caption "Management and Control" hereof for a statement of the relationship of the Company to Columbia Gas & Electric Corporation.

The Company considers that all of the consideration to be paid in connection with the acquisition of the properties described above will be for tangible property (such acquisition being indirect in the case of Michigan Gas and Indiana Gas) except that the accounts of Michigan Gas and of Indiana Gas, as of September 30, 1941, include intangibles (organization expense and miscellaneous intangibles) in the amounts of \$83,999.92 and \$11,413.98 respectively.

The Company understands that the cost to Columbia Gas & Electric Corporation of the above mentioned stock and indebtedness of Michigan Gas Transmission Corporation and of Indiana Gas Distribution Corporation amounts to \$10,842,000.00.

The Company has been informed that the book value of the natural gas pipe lines to be acquired from The Ohio Fuel Gas Company is shown on the books of said company as \$670,330.46, representing the amount shown on the books of the Logan Gas Company at the time this property was acquired by it from said company.

PROPERTY

Production Property and Gas Reserves

The Company, as of September 30, 1941, owned or controlled oil and gas leaseholds on approximately 271,000 acres in the Amarillo and Hugoton gas fields located in the Panhandle of Texas, Southwestern Kansas and Texas County, Oklahoma, and in addition controlled through gas purchase contracts the gas production from approximately 67,000 acres in this territory. The Company is currently producing gas from certain of these leaseholds by means of 57 gas wells in the Amarillo gas field and 80 gas wells (including 46 gas wells in which the Company has only a 50% interest) in the Hugoton gas field.

Ralph E. Davis, Inc., Engineers, have made a survey of the natural gas supply available to the Company from the Amarillo and Hugoton fields. Their letter with respect to such natural gas supply follows:

RALPH E. DAVIS, INC.
ENGINEERS

Petroleum and Natural Gas
1710 Union Bank Building
Pittsburgh

New York
150 Broadway

December thirteenth,
Nineteen forty-one.

Board of Directors,
Panhandle Eastern Pipe Line Company,
New York, N. Y.

Gentlemen:

In accordance with your request we have, during the past two months, completed a study as of June 30, 1941 of the natural gas supply available to your Company. The natural gas available to your Company is obtained almost entirely in the Amarillo field of northwest Texas and in the Hugoton field situated in southwestern Kansas, in the Oklahoma Panhandle and in Sherman and Hansford Counties, Texas. These two fields constitute one of the largest known reserves of natural gas.

The conclusions stated herein are based upon engineering and geological studies we have made of both of these fields since they each became important as a source of natural gas. We have from time to time in the past made several studies of your Company's gas supply. In the present study we have relied upon information furnished by officials of your Company regarding acreage controlled, wells owned or under gas purchase contract, production of these wells, their pressure history, et cetera.

Our most recent study of the Amarillo field indicates that the proven gas acreage covers an area of approximately 1,467,000 acres and that the recoverable gas reserves as of December 31, 1940 were not less than 16.8 trillion cubic feet. The total past production to December 31, 1940 is estimated at 8.326 trillion cubic feet. We have estimated the average top of well pressure in the field at December 31, 1940 to be approximately 318 pounds. The virgin average pressure as measured at the top of the wells was approximately 430 pounds. It is thus seen that during the withdrawal of more than 8 trillion cubic feet of gas there has been an average approximate decline in pressure of 112 pounds.

Your Company owned on June 30, 1941 leases in the Panhandle field which we consider proven for natural gas production covering a total of 41,736 acres. Your Company held gas purchase contracts good for the life of production covering an additional 23,233 acres which we consider proven for natural gas production. The above acreage is centrally located in the field, being largely in what we consider the best productive area.

In our study of the reserves available from the above acreage we have considered as a unit an area of 295,488 acres within which is located the major portion of Panhandle's lease and contract acreage, to the end that we might observe the relation between the productiveness of the acreage from which the Company is securing its supply as compared to the immediately surrounding acreage. The

results of this study show that during the 6-year period from July 1, 1935 to June 30, 1941 the average weighted pressure of the selected area dropped from 378 pounds as of July-August, 1935 to 333 pounds as of July-August, 1941, or an average of $7\frac{1}{2}$ pounds per year. The total gas withdrawal from the area during the 6-year period was 738,184,846 M cubic feet, of which Panhandle Eastern produced 87,024,001 M cubic feet and purchased 77,871,301 M cubic feet, thus withdrawing from the area 22.3% of its total production from approximately a like percentage of the acreage within the area.

It is evident from the very substantial production obtained with a modest decline in pressure that the acreage upon which your Company controls its gas supply in the Amarillo field has a very substantial productive capacity. The total proven acreage controlled through leasehold and gas purchase contracts, namely 64,969 acres, is located in the heart of the field and is equal to about 4.4 per cent of the total proven area of the Amarillo field. It is our judgment that your Company thus controls as of June 30, 1941 approximately this percentage of the total recoverable reserve, that is—not less than 700 billion cubic feet.

Of the above mentioned 41,736 acres proven for gas and controlled by your Company through leasehold contracts, 31,286 acres are classed as operated and had proven recoverable reserve as of June 30, 1941 estimated by us at 350 billion cubic feet. The above mentioned 23,233 proven acres controlled through gas purchase contract are classed as operated, and had a recoverable gas reserve on June 30, 1941 estimated by us at not less than 230 billion cubic feet.

The reserves controlled in a field such as the Amarillo field should, we believe, be considered with regard to the total available reserve of the field and the total annual or expected annual withdrawal. Having in mind that your Company is rapidly increasing its gas withdrawal from the field, the total having increased from 15,835,666 M cubic feet in the year ending June 30, 1936 to 39,985,134 M cubic feet for the year ending June 30, 1941, and having in mind the expectancy that further very substantial increases may be expected, we are of the opinion that this gas supply may be counted upon as a source of major production for a period of approximately fifteen years.

Our most recent study of the Hugoton field indicates the proven and semi-proven area to include not less than two million acres and the total recoverable gas reserves as of December 31, 1940 to be not less than 15 trillion cubic feet.

Your Company owned as of June 30, 1941 full interest leases covering a total of more than 175,000 acres in the proven or semi-proven portion of the Hugoton field, having a proven gas reserve estimated by us at not less than 1,250 billion cubic feet. In addition, the Company owned on said date a one-half interest in an additional 26,867 acres in the above area, having a total proven reserve estimated by us at not less than 200 billion cubic feet. Your Company also controlled under gas purchase contracts good for the life of production an additional 35,075 acres in this area, having an estimated proven reserve of not less than 260 billion cubic feet. The total proven reserves controlled by your Company in the Hugoton field are thus estimated by us to be not less than 1,700 billion cubic feet.

Of the above mentioned 175,000 acres controlled by your Company in the proven or semi-proven portion of the Hugoton field, 19,170 acres are classed as operated and had on June 30, 1941 a proven recoverable reserve estimated by us at not less than 137 billion cubic feet. Of the 26,867 acres located in the proven or semi-proven area and in which your Company owns a one-half interest, 17,320 acres are classed as operated and had on June 30, 1941 a recoverable gas reserve estimated by us at not less than 129 billion cubic feet. The 35,075 acres controlled under gas purchase contracts are classed as operated, and had a recoverable gas reserve as of June 30, 1941 estimated by us at not less than 260 billion cubic feet.

Both the Amarillo and Hugoton fields constitute reserves of gas from which gas withdrawals will not necessarily be proportional to the reserves controlled by the various producers. The reserves are, we believe, sufficient to meet the combined anticipated requirements for pipe line, carbon black and other uses for a period of more than 25 years. The combined gas supply controlled by your Company in the Amarillo and Hugoton fields is, in our judgment, adequate to supply its estimated market requirements for a period of more than 25 years.

Very truly yours,

RALPH E. DAVIS, INC.
by RALPH E. DAVIS,
President.

The Company also owns oil and gas leaseholds on (a) certain acreage outside proven limits of the Amarillo and Hugoton fields and (b) approximately 1,100 acres on which is located one well and a half interest in approximately 10,000 acres on which are located twelve wells in the Hugoton field, the gas from which is sold under contract to the Argus Natural Gas Company, Incorporated.

P. McDONALD BIDDISON

CONSULTING ENGINEER

Dallas Gas Building
Dallas, Texas

November 13, 1941

Board of Directors
Panhandle Eastern Pipe Line Company

Gentlemen:

On several occasions beginning in March 1937, I have been engaged in studies and investigations of the business and properties of your company and of its Subsidiary Company, Illinois Natural Gas Company. These studies and investigations have included the reviewing of construction plans, determining safe operating pressures and system capacities, the preparation of property valuations, and studies of property depreciation.

I have examined a great deal of the property and have inspected plans and specifications under which it was constructed. The Company owns or controls under purchase contracts, gas reserves in the largest gas fields ever known, adequate for the requirements now in prospect, for a term of at least twenty-five years. The compressor stations on the main system are carefully designed, their equipment is first class in all respects, they present a neat and attractive appearance and are maintained in excellent condition. All these features tend to produce reliability and economy of operation. The main transmission system has been constructed with a margin of safety as to pressure so that it may safely be operated at 500 pounds compressor station discharge pressure. Stream crossing locations have been carefully selected and multiple lines across streams have been so located and installed as to leave very slight probability of interruption at such locations. The transmission lines have been well located and well laid to secure stability and are carefully maintained. The main line loops provide additional protection against service interruption and this protection will be enhanced by the loop extensions now under construction. The Gasoline Plant at Liberal is of modern design and the dehydration plant in connection with it is an effective preventive of interruptions of service from freezing of lines. Measuring and Regulating Stations are of up to date equipment, are carefully maintained and the stations are neat and clean. Little evidence of deterioration in the main line property can be found. Pipe exposed in making connections for 1937 and 1940 additions did not indicate interior corrosion. Flow tests of the main lines in 1937 and 1938 showed some fouling, not corrosion, of the old lines westward from Olpe Station to Liberal Station. This condition has been effectively remedied as evidenced by subsequent flow tests and by capacity obtained under routine operations. My inspection of pipe in transmission mains in 1941 disclosed that there was little deterioration of protective coating and that pitting of pipe existed only in a few very restricted areas. Such areas are being protected cathodically as they develop.

My study of the system's capacity indicates a continuous sales capacity of the main line system as of November 1, 1941, including the delivery at Dana, Indiana, and with the distribution of the deliveries west of Dana as then indicated, of, in round numbers 250,000 M.C.F. per 24 hours. A main line looping program of 146 miles of loops, completing the double line eastward from Louisburg Station (near Kansas-Missouri state line) on which construction has begun and which is scheduled for completion in the Spring of 1942 (based upon the delivery schedule of pipe purchased under priority orders) will provide additional insurance against service interruptions and will give an additional sales capacity for short periods of approximately 30,000 M.C.F. per 24 hours. The completion of the main line loops, requiring 85 additional miles of main line construction (thus making a continuous double line from Liberal Station to Dana) which is contemplated as part of the 1942 construction program will provide a continuous sales capacity in excess of 300,000 M.C.F. per 24 hours.

Yours very truly,

P. McDONALD BIDDISON

P. McDONALD BIDDISON

Consulting Engineer

Character of Ownership

The statements under this caption "Property" with respect to ownership are made upon the authority of Glenn W. Clark, Esq., head of the Company's legal department. In his opinion, based in part upon opinions of various local counsel, the above-mentioned production property and transmission property are owned by the Company or by its wholly owned subsidiary (Illinois Natural Gas Com-

**PANHANDLE EASTERN PIPE LINE COMPANY
AND SUBSIDIARY COMPANY**

NOTES TO THE BALANCE SHEETS

ATTACHED TO AND MADE AN INTEGRAL PART OF THE BALANCE SHEET (COMPANY
ONLY) AND OF THE CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 1941

- A. (1) Property, plant and equipment and intangibles are stated at cost except for \$4,816,350.71 thereof which was recorded at the amount assigned by the Board of Directors to assets acquired as of August 31, 1930 as a capital contribution. It is the belief of the present management of the Company that the amount assigned to the capital contribution represented the value of the assets contributed as determined by the donor, Missouri-Kansas Pipe Line Company. Of the total, \$2,417,948.52, representing the amount at which the contributed tangible property was recorded on the books of Missouri-Kansas Pipe Line Company, was assigned to property, plant and equipment, and the balance of \$2,398,402.19 was assigned to gas sales and purchase contracts.
- (2) Investment in subsidiary company is stated at cost. The securities representing such investment are pledged as collateral to the First Mortgage and First Lien Bonds. In January, 1941, the Company received 807,367 shares of common stock, of a par value of 42 cents each, of Central Distributing Company in exchange for its former investment in that company (represented by no par common stock of \$59,000.43, a note receivable of \$250,000.00 and a demand loan of \$25,000.00) and \$5,093.71 additional cash investment. These shares were then distributed as a dividend to the Company's common stockholders, on a share for share basis, with a concurrent charge to earned surplus of \$339,094.14.
- (3) The amounts at which property, plant and equipment, intangibles and investment in subsidiary company are stated do not purport to represent the current realizable value thereof.

- B. Debt discount and expense in process of amortization at September 30, 1941 consists of:

Discount and expense applicable to 6% bond issue redeemed in 1937 prior to original maturity of October 1, 1950 in process of amortization over the original life of such issue	\$ 829,457.41
Items being amortized on the basis of bonds outstanding over the life of the 4% bond issue redeemed in 1941 prior to original maturity of March 1, 1952—	
Call premium on 6% issue	471,822.61
Debt discount and expense on 4% issue	374,436.79
Items being amortized on the basis of bonds outstanding over the lives of present outstanding issues—	
Call premium on 4% issue	190,061.40
Debt discount and expense on present outstanding issues	215,706.85
	\$2,081,485.06

On December 19, 1941, the Board of Directors authorized the charging to earned surplus, as of the date of refunding, February 3, 1941, of the unamortized balance of debt discount, expense and call premiums applicable to refunded issues and the discount and expenses applicable to outstanding issues.

- C. Surplus is restricted by the Mortgage and Deed of Trust dated November 1, 1940 as to payment of dividends, in the amount of \$4,113,952.58. In the opinion of counsel for the Company, the requirements of Delaware law impose no restrictions on surplus by reason of the excess (\$1,100,000 at September 30, 1941) of the liquidating value over the par value of its preferred stock. Class A preferred stock may be redeemed at any time in whole or in part at \$100 per share if redeemed on or before January 1, 1942 or \$110 per share thereafter.

- D. At September 30, 1941 there were 1,285 unissued shares available for exercise of purchase option at \$25.00 a share.

- E. Contingent liabilities:

Effective January 1, 1940, the Company adopted a retirement annuity plan for employees (including officers) who had not attained age sixty-five on that date, by means of a group annuity

**PANHANDLE EASTERN PIPE LINE COMPANY
AND SUBSIDIARY COMPANIES**

NOTES TO THE INCOME ACCOUNT

**ATTACHED TO AND MADE A PART OF THE CONSOLIDATED INCOME ACCOUNT
FOR THE YEARS ENDING DECEMBER 31, 1938, 1939, AND 1940
AND THE NINE MONTHS ENDED SEPTEMBER 30, 1941**

- A. The formulae consistently used by the Company and its subsidiaries beginning with the year 1937 to develop an amount to be recommended to the Board of Directors as a proper provision for depreciation, depletion, and amortization gives consideration to the "wasting asset" theory and provides depletion on operated leaseholds on the basis of units of gas withdrawn, amortization of investment in unoperated land rights by the use of a composite life of ten years for such land rights, amortization of gas sales and purchase contracts at a specific monthly rate as provided in the Company's Certificate of Incorporation and in amounts to conform to the contract period in certain instances, and an amount for the other transmission system properties determined by its Board of Directors which recognizes amortization in addition to a composite rate based on the age and estimated life of the properties. The propriety of the aggregate annual provision, as well as the reasonableness of the total reserves provided to date, has been substantiated by P. McDonald Biddison, an independent Consulting Engineer of Dallas, Texas. The Company's Certificate of Incorporation, as amended, provides substantially that no dividends on the common stock or any participating dividends on the preferred and common stocks may be paid except out of net surplus earned subsequent to December 31, 1935 remaining after there shall have been deducted therefrom as provisions for depreciation, depletion and amortization of property, plant and equipment, an aggregate accrual equal to one-third of 1% per month (on monthly balances) of the consolidated tangible property of the Company and its subsidiaries; the provisions for depreciation, depletion and amortization of tangible property as computed in accordance with the Company's Certificate of Incorporation would have amounted to \$2,337,597.71, \$2,354,588.33, \$2,378,393.37, and \$1,993,360.66 for the years 1938, 1939, 1940, and the nine months ended September 30, 1941, respectively. The amounts claimed by the Company and its subsidiaries for depreciation for Federal income tax purposes are larger than the provisions as set forth in the income account.
- B. The Company has provided amortization of gas sales and purchase contracts in the amount of \$24,419.05 per month, which will extinguish the net ledger balance at December 31, 1935 (\$2,930,286.40) over a period of ten years. Of the original amount of gas sales contracts—other, \$371,076.00 is being amortized over a period of fifteen years from January 1, 1937 and the remainder is being amortized primarily over the lives of the respective contracts. No provision has been made for the amortization of organization expense and miscellaneous intangibles.
- C. It is the practice of the Company to charge to maintenance the repairs of property and replacements and renewals of items determined to be less than units of property. Replacements and renewals of items considered to be units of property are charged to the property, plant and equipment accounts. At the time properties are disposed of, the cost (or estimated cost), less net salvage value, of property retired is charged to the reserve for depreciation, depletion and amortization of property, plant and equipment.
- D. Charges in lieu of Federal income and excess profits taxes represent an amount equivalent to such taxes which would have been payable on current earnings if the Company had not had the benefit for tax purposes of deductions for discount, premium and expense resulting from the refinancing of long-term debt. Such amounts have been credited to unamortized debt discount and expense as a partial offset to the items included therein applicable to the bonds which were refunded.

	1938	1939	1940	Nine Months Ended September 30, 1941
E. Consists of—				
On issue due October 1, 1950, re- deemed in 1937—				
Amortization of debt discount and expense	\$ 92,161.80	\$ 92,161.80	\$ 92,161.80	\$ 69,121.35
Amortization of call premium	91,251.89	89,317.23	87,382.56	61,913.94
On issue due March 1, 1952, re- deemed in 1941—				
Amortization of debt discount and expense	136,262.81	133,373.84	130,484.88	52,570.64
Amortization of call premium	—	—	—	12,978.60
On present outstanding issues—				
Amortization of debt discount and expense	—	—	—	26,714.08
	<u>\$319,676.50</u>	<u>\$314,852.87</u>	<u>\$310,029.24</u>	<u>\$223,298.61</u>

[fol. 16095]

(Exhibit 234.)

Summary of Construction and Retirement Budget and Work Order Procedure.

The initial work in connection with the Construction and Retirement budgets begins in the various departments late in the year preceding that in which the construction or retirement work is to take place. This work embraces a study on the part of departmental representatives prior to departmental determination of such requirements. When the anticipated requirements of a department have been considered along with the general system requirements, such tabulations are then ready for further study and consideration by the local management.

Upon receipt by the local management of the preliminary estimates from the various departments, these tentative recommendations are reviewed in much detail both from a departmental standpoint and from a system viewpoint as well. Having determined any necessary deletions or additions, the tentative budget is then ready for consideration by all of the senior officers.

At a meeting or meetings held in the Kansas City office, the proposed budget is then considered item by item by the entire management, and meeting all tests or requirements is then put in final form for presentation to the Board of Directors.

Action by the Directors under normal conditions usually occurs at a Board meeting held very early in the year in which the work is to be undertaken or later in the preceding year. To the extent that Board approval is had, work orders are then issued for routine or blanket budget items, and the work on such projects then follows in the order and to the extent thought necessary by department heads with the approval of the local management.

Notwithstanding approval by the Board, actual construction on major projects does not begin until the necessity for such work is again reviewed by the management generally, and only then after final approval by the President:

Work Orders:

The actual inception of work authorized by an approved budget item takes place only after a properly approved work order request, which originates in the department to benefit by the proposed work, has been obtained. Such work order request contains, among other things, an estimate of the job in substantial detail. When the project is completed the construction forces file a completion report containing an itemized record of materials used with the [fol. 16096] general accounting office where a comparison is made with the recorded costs and original estimate. If no major difference is found the completion report is accepted, engineering data taken off, and the order is closed.

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES

OF DE

AS

Deprecia

Depreciable Property Costs

	Balance Beginning of Period (B)	Balance End of Period (C)	Average Balance (Depreciation Base) (D)	Rate (E)	Amount (F)
Panhandle Eastern Pipe Line Company					
Transmission Property					
At date of completion of line, Mar. 31, 1932	\$32 047 648 65	\$32 010 034 24	\$32 028 841 44	4.0000%	\$1 281 153
Additions for 9 months ended Dec. 31, 1932	577 797 98	576 018 21	576 908 10	4.1237%	23 789
Additions for year ended Dec. 31, 1933	141 397 03	141 673 58	141 535 31	4.3011%	6 087
Additions for year ended Dec. 31, 1934	34 619 57	33 630 56	34 125 06	4.4944%	1 533
Additions for year ended Dec. 31, 1935	46 811 40	43 760 83	45 286 11	4.7059%	2 131
Additions for year ended Dec. 31, 1936	3 851 682 10	3 875 639 83	3 863 660 97	4.9383%	190 799
Additions for year ended Dec. 31, 1937	10 688 851 27	10 685 268 39	10 687 059 83	5.1948%	555 171
Additions for year ended Dec. 31, 1938	464 819 57	461 209 30	463 014 44	5.4795%	25 370
Additions for year ended Dec. 31, 1939	-	225 032 40	112 516 20	5.7971%	6 522
Totals Transmission Property	47 853 627 57	48 052 267 34	47 952 947 46		2 092 560
Other Property					
Gasoline extraction plant structures and equipment	614 067 80	619 113 85	616 590 83	10%	61 659
Office and laboratory equipment and drilling and cleaning equipment	101 959 07	96 700 86	99 329 96	10%	9 933
Tools and implements, trailers and winches	29 877 34	35 941 46	32 909 40	20%	6 470
Gas well equipment - main line	513 615 30	565 976 02	539 795 66	8%	43 183
Gas well equipment - local area	7 488 41	5 672 47	6 580 44	16%	1 052
Cost of attaching business	113 027 41	113 027 41	113 027 41	5%	5 651
Automobiles and trucks	84 018 60	91 422 49	87 720 54	Book Basis	22 627
Totals Other Property	1 464 053 93	1 527 854 56	1 495 954 24		150 577
Totals Panhandle Eastern Pipe Line Company	49 317 681 50	49 580 121 90	49 448 901 70		2 243 137
Illinois Natural Gas Company					
Transmission Property	2 603 796 51	2 621 207 30	2 612 501 90	4%	104 500
Other Property (office equipment)	849 33	877 23	863 28	10%	86
Totals Illinois Natural Gas Company	2 604 645 84	2 622 084 53	2 613 365 18		104 586
Central Distributing Company					
All Property	Not Available				17 754
Total depreciation claimed in 1939 returns per line 8, Column B of Exhibit 183					

* Denotes red figure

5903

16097

EXHIBIT

23

STATEMENT SHOWING THE COMPUTATION
OF DEPRECIATION FOR FEDERAL INCOME TAX PURPOSES
FOR THE YEAR 1939
AS CLAIMED IN FEDERAL INCOME TAX RETURNS

Depreciation

Rate (E)	Amount (F)	Net Adjustment of Depreciation Applicable to Property Retired in 1939 (G)	Total (H)
1.0000%	\$1 281 153 66	\$11 553 79	\$1 292 707 45
1.1237%	23 789 96	330 80	24 120 76
1.3011%	6 087 58	51 13	6 036 45
1.4944%	1 533 72	130 74	1 664 46
1.7059%	2 131 12	674 79	2 805 91
1.9383%	190 799 17	1 734 68	192 533 85
5.1948%	555 171 38	657 62	555 829 00
5.4795%	25 370 88	601 73	25 972 61
5.7971%	6 522 68	181 57	6 704 25
	2 092 560 15	15 814 59	2 108 374 74

10%	61 659 09	-	61 659 09
10%	9 933 00	-	9 933 00
20%	6 470 41	-	6 470 41
8%	43 183 65	-	43 183 65
16%	1 052 87	-	1 052 87
5%	5 651 37	-	5 651 37
Book Basis	22 627 43	-	22 627 43
	150 577 82	-	150 577 82
	2 243 137 97	15 814 59	2 258 952 56

4%	104 500 07	-	104 500 07
10%	86 33	-	86 33
	104 586 40	-	104 586 40
	17 754 52	-	17 754 52

\$2 381 293 48

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES
STATEMENT SHOWING THE COMPUTATION OF DEPRECIATION FOR
FEDERAL INCOME TAX PURPOSES FOR THE YEAR 1939 ON THE BASIS
AS SETTLED WITH THE BUREAU OF INTERNAL REVENUE

Line No.	(A)	Depreciable Property Costs			Depreciation	
		Balance Beginning of Period (B)	Balance End of Period (C)	Average Balance (Depreciation Base) (D)	Rate (E)	Amount (F)
1	<u>Panhandle Eastern Pipe Line Company</u>					
2	• Transmission Property					
3	Right of ways consideration	\$ 477 954 28	\$ 480 642 56	\$ 479 298 42	3%	\$ 14
4	All other transmission property	47 375 673 29	47 571 624 78	47 473 649 04	4%	1 898
5	Totals Transmission Property	47 853 627 57	48 052 267 34	47 952 947 46	-	1 913
6	Other Property					
7	Gasoline extraction plant structures and equipment	614 067 80	619 113 85	616 590 83	10%	61
8	Office and laboratory equipment and drilling					
9	and cleaning equipment	101 959 07	96 700 86	99 329 96	10%	9
10	Tools and implements, trailers and winches	29 877 34	35 941 46	32 909 40	20%	6
11	Gas well equipment - main line	513 615 30	535 976 02	539 795 66	8%	43
12	Gas well equipment - local area	7 488 41	5 672 47	6 580 44	16%	1
13	Cost of attaching business	113 027 41	113 027 41	113 027 41	5%	5
14	Automobiles and trucks	84 018 60	91 422 49	87 720 54	Book Basis	22
15	Totals Other Property	1 434 053 93	1 527 854 56	1 495 954 24	-	150
16	Totals Panhandle Eastern Pipe Line Company	49 317 681 50	49 580 121 90	49 448 901 70	-	252.063
17	<u>Illinois Natural Gas Company</u>					
18	Transmission Property	2 603 796 51	2 621 207 30	2 612 501 90	4%	104
19	Other Property (office equipment)	849 33	877 23	863 28	10%	
20	Totals Illinois Natural Gas Company	2 604 645 84	2 622 084 53	2 613 365 18	-	104
21	<u>Central Distributing Company</u>					
22	All Property		Not Available		-	17
23	Total depreciation computed on settlement basis for year					
24	1939 per line 8, column C of Exhibit 183					\$2 186

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES

OF DEP

AS C

Depreciable Property Costs

D e p r e

Line No.	(A)	Balance Beginning of Period (B)	Balance End of Period (C)	Average Balance (Depreciation Base) (D)	Rate (E)	Amount (F)
1	Panhandle Eastern Pipe Line Company					
2	Transmission Property					
3	At date of completion of line, Mar. 31, 1932	\$32 010 034 24	\$31 803 520 31	\$31 906 777 27	4.0000%	\$1 276 271
4	Additions for nine months ended Dec. 31, 1932	576 018 21	575 046 62	575 532 42	4.1237%	23 733
5	Additions for year ended December 31, 1933	141 673 58	140 046 98	140 860 28	4.3011%	6 058
6	Additions for year ended December 31, 1934	33 630 56	29 632 63	31 631 60	4.4944%	1 421
7	Additions for year ended December 31, 1935	43 760 83	42 778 63	43 269 73	4.7059%	2 036
8	Additions for year ended December 31, 1936	3 875 639 83	3 865 486 43	3 870 563 13	4.9383%	191 140
9	Additions for year ended December 31, 1937	10 685 268 39	10 674 216 80	10 679 742 60	5.1948%	554 791
10	Additions for year ended December 31, 1938	461 209 30	452 118 03	456 663 66	5.4795%	25 022
11	Additions for year ended December 31, 1939	225 032 40	222 832 88	223 932 64	5.7971%	12 981
12	Additions for year ended December 31, 1940	-	5 235 661 27	2 617 830 63	6.1538%	161 096
13	Totals Transmission Property	48 052 267 34	53 041 340 58	50 546 803 96	-	2 254 552
14	Other Property					
15	Gasoline extraction plant structures and equipment	619 113 85	647 721 76	633 417 81	10%	63 341
16	Office and laboratory equipment and drilling and cleaning equipment	96 700 86	105 797 58	101 249 22	10%	10 124
17	Tools and implements, trailers and winches and other production system equipment	35 941 46	39 432 28	37 686 87	20%	6 485
18	Gas well equipment - main line	565 976 02	595 107 30	580 541 66	8%	46 443
19	Gas well equipment - local area	5 672 47	3 842 02	4 757 24	16%	761
20	Cost of attaching business	113 027 41	113 027 41	113 027 41	5%	5 651
21	Automobiles and trucks	91 422 49	96 763 96	94 093 23	Book Basis	25 012
22	Totals Other Property	1 527 854 56	1 601 692 31	1 584 773 44	-	157 820
23	Totals Panhandle Eastern Pipe Line Company	49 580 121 90	54 643 032 89	52 111 577 40	-	2 412 373
24	Illinois Natural Gas Company					
25	Transmission Property	2 621 207 30	2 636 059 27	2 628 633 29	4%	105 145
26	Other Property (office equipment)	877 23	877 23	877 23	10%	87 7
27	Totals Illinois Natural Gas Company	2 622 084 53	2 636 936 50	2 629 510 52	-	105 233
28	Central Distributing Company					
29	All Property		Not Available		-	17 713
30	Total depreciation claimed in 1940 returns per line 9, Column B of Exhibit 153					

STATEMENT SHOWING THE COMPUTATION
OF DEPRECIATION FOR FEDERAL INCOME TAX PURPOSES
FOR THE YEAR 1940

AS CLAIMED IN FEDERAL INCOME TAX RETURN

D e p r e c i a t i o n

Net Adjustment
of Depreciation
Applicable to
Property Retired
in 1940

Rate (E)	Amount (F)	(G)	Total (H)
4.0000%	\$1 276 271 09	\$ 91 640 58	\$1 367 911 67
4.1237%	23 733 23	94 91	23 828 14
4.3011%	6 058 54	10 87	6 069 41
4.4944%	1 421 65	657 04	2 078 69
4.7059%	2 036 23	160 54	2 196 77
4.9383%	191 140 02	3 287 43	194 427 45
5.1948%	554 791 27	6 712 42	561 503 69
5.4795%	25 022 89	1 772 79	26 795 68
5.7971%	12 981 60	504 08	13 485 68
6.1538%	161 096 06	64 41	161 160 47
-	2 254 552 58	104 905 07	2 359 457 65
10%	63 341 79	-	63 341 79
10%	10 124 93	-	10 124 93
20%	6 485 92	-	6 485 92
8%	46 443 33	-	46 443 33
16%	761 16	-	761 16
5%	5 651 37	-	5 651 37
Book Basis	25 012 33	-	25 012 33
-	157 820 83	-	157 820 83
-	2 412 373 41	104 905 07	2 517 278 48
4%	105 145 33	-	105 145 33
10%	87 72	-	87 72
-	105 233 05	-	105 233 05
-	17 713 81	-	17 713 81
<u>\$2 640 225 34</u>			

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES
STATEMENT SHOWING THE COMPUTATION OF DEPRECIATION FOR
FEDERAL INCOME TAX PURPOSES FOR THE YEAR 1940 ON THE BASIS
AS SETTLED WITH THE BUREAU OF INTERNAL REVENUE

Line No.	(A)	Depreciable Property Costs			Depreciation	
		Balance Beginning of Period (B)	Balance End of Period (C)	Average Balance (Depreciation Base) (D)	Rate (E)	Amount (F)
1	Panhandle Eastern Pipe Line Company					
2	Transmission Property	\$42 052 267 34	\$53 041 340 58	\$50 546 803 96	4%	\$2 021 872 16
3	Other Property					
4	Gasoline extraction plant structures and equipment	619 113 85	647 721 76	633 417 81	10%	63 941 79
5	Office and laboratory equipment and drilling					
6	and cleaning equipment	96 700 86	105 797 58	101 249 22	10%	10 124 93
7	Tools and implements, trailers and winches and other					
8	production system equipment	55 041 46	59 432 28	37 686 87	20%	5 594 41
9	Gas well equipment - main line	505 976 82	595 107 30	580 541 66	8%	46 443 33
10	Gas well equipment - local area	5 672 47	3 842 02	4 757 24	16%	751 13
11	Cost of attaching business	113 027 41	113 027 41	113 027 41	5%	5 651 37
12	Automobiles and trucks	91 422 49	96 763 96	94 093 27	Book Basis	25 012 33
13	Totals Other Property	1 527 891 56	1 601 692 31	1 504 773 24		155 933 32
14	Totals Panhandle Eastern Pipe Line Company	49 580 121 90	54 643 032 89	52 111 577 40		2 178 405 48
15	Illinois Natural Gas Company					
16	Transmission Property	2 621 207 30	2 636 059 27	2 628 633 29	4%	105 115 33
17	Other Property (office equipment)	877 23	877 23	877 23	10%	87 72
18	Totals Illinois Natural Gas Company	2 622 084 53	2 636 936 50	2 629 510 52		105 233 05
19	Central Distributing Company					
20	All Property		Not Available			17 713 81
21	Total depreciation computed on settlement basis for year					
22	1940 per Line 9, Column C of Exhibit 123					\$2 301 752 34(1)
23	(1) Returns have not been examined. Depreciation has been computed on basis of settlement prior year.					

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES

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Line No.	(A)	Panhandle Eastern Pipe Line Company			Illinois Natural Gas Company			Michigan Transmission Co.	
		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Estimated Excess Profits Net Income as Recomputed.		\$8 658 903(1)			\$128 000			\$811 00
2	Less: Dividends received		532 509			-			-
3			8 126 394			128 000			811 00
4	Less: Specific Exemption	\$ 5 000			\$ 5 000			\$ 5 000	
5	Excess-profits credit based on income	4 618 000			-			603 000	
6	Excess-profits credit based on invested capital	-			182 000			-	
7	Excess-profits credit carry-over	-			36 000			-	
8	Additional excess-profits credit based on income								
9	resulting from net new capital financing	190 000	4 813 000		-	223 000		-	608 00
10	Adjusted Excess-Profits Net Income Subject to Tax		5 313 394			None			203 00
11	Excess-Profits Tax:	Net Income Tax			Net Income Tax			Net Income Tax	
12	First \$ 20 000 at 35%	20 000	7 000					20 000	7 00
13	Next 30 000 at 40%	30 000	12 000					30 000	12 00
14	Next 50 000 at 45%	50 000	22 500					50 000	22 50
15	Next 150 000 at 50%	150 000	75 000					103 000	51 50
16	Next 250 000 at 55%	250 000	137 500						
17	All over 500 000 at 60%	2 813 394	1 688 036						
18		3 313 394				None		203 000	
19	Estimated Excess-Profits Tax Before Additional Accrual			\$1 942 036			None		
20	Additional accrual			24 000					
21	Estimated Excess-Profits Tax			1 966 036			None		
22	Normal Tax and Surtax								
23	Excess-Profits Net Income as Recomputed		8 658 093			128 000			811 000
24	Less: Excess-Profits Tax	1 942 036				-		93 000	
25	85% of dividends received	452 633	2 394 669			-		-	93 000
26	Estimated Normal Tax and Surtax Net Income		6 263 424			128 000			718 000
27	Normal Tax:								
28	Corporations with net income slightly over \$25,000								
29	First \$ 5 000 at 15%								
30	Next 15 000 at 17%								
31	Next 5 000 at 19%								
32	Next 8 445 at 37%								
33	Corporations with net income over \$25,000								
34	Flat Rate 24%		1 503 222			30 720			172 320
35	Surtax:								
36	First \$ 25 000 at 6%		1 500			1 500			1 500
37	All over 25 000 at 7%		436 690			7 210			48 510
38	Estimated Normal Tax and Surtax Before Additional								
39	Accrual			1 941 412			\$39 430		
40	Additional Accrual			88 000					
41	Estimated Normal Tax and Surtax			2 029 412			39 430		
42	Estimated Federal Income and Excess Profits Taxes per								
43	Page 1 of Exhibit 198			\$3 995 448			\$39 430		

WITNESS WATKINS

STATEMENT OF ESTIMATED FEDERAL INCOME AND
EXCESS-PROFITS TAXES FOR THE TWELVE MONTHS ENDED
FEBRUARY 28, 1942 (BASED ON REVENUE ACT OF 1941)

IES

Illinois Natural Gas Company		Michigan Gas Transmission Corporation			Indiana Gas Distribution Corporation			Total Taxes
(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
\$128 000			\$811 000			\$36 000		
<u>128 000</u>			<u>811 000</u>			<u>36 000</u>		
		\$ 5 000			\$ 5 000			
		603 000			23 700			
		-			-			
		-			-			
223 000		-	608 000		-	28 700		
<u>None</u>			<u>203 000</u>			<u>7 300</u>		
Net Tax		Net Income	Tax		Net Income	Tax		
		20 000	7 000		7 300	2 555		
		30 000	12 000					
		50 000	22 500					
		103 000	51 500					
		<u>203 000</u>			<u>7 300</u>			
	None		\$ 93 000			\$ 2 555		
	<u>None</u>		<u>93 000</u>			<u>2 555</u>		
128 000			811 000			36 000		
		93 000			2 555			
<u>128 000</u>		<u>93 000</u>	<u>93 000</u>		<u>2 555</u>	<u>2 555</u>		
			718 000			33 445		
						750		
						2 550		
						950		
						3 125		
						<u>7 375</u>		
30 720			172 320					
1 500			1 500			1 500		
<u>7 210</u>			<u>48 510</u>			<u>591</u>		
	\$39 430			222 330		9 466		
	<u>39 430</u>			<u>222 330</u>		<u>9 466</u>		
							2 300 638	
	<u>\$39 430</u>			<u>\$315 330</u>		<u>\$12 021</u>	<u>\$4 362 229</u>	

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES

Line No.	(A)	Panhandle Eastern Pipe-Line Company (B) (C) (D)	Illinois Natural Gas Company (E) (F) (G)	Michigan Gas Transmission Corp (H) (I)
1	Estimated Excess-Profits Net Income as Recomputed	\$8 658 903(1)	\$128 000	\$811 000
2	Less: Dividends received	532 509	-	-
3		8 126 394	128 000	811 000
4	Less:			
5	Specific exemption	\$ 5 000	\$ 5 000	\$ 5 000
6	Excess-profits credit based on income	4 618 000	-	603 000
7	Excess-profits credit based on invested capital	-	182 000	-
8	Excess-profits credit carry-over	-	36 000	-
9	Additional excess-profits credit based on income			
10	resulting from net new capital financing	190 000 4 813 000	- 223 000	- 608 000
11		3 313 394	None	203 000
12	Adjusted Excess-Profits Net Income Subject to Tax			
13	Excess-Profits Tax:	Net Income Tax	Net Income Tax	Net Income Tax
14	First \$ 20 000 at 50%	20 000 10 000	20 000 10 000	20 000 10 000
15	Next 30 000 at 55%	30 000 16 500	30 000 16 500	30 000 16 500
16	Next 50 000 at 60%	50 000 30 000	50 000 30 000	50 000 30 000
17	Next 150 000 at 65%	150 000 97 500	150 000 97 500	150 000 97 500
18	Next 250 000 at 70%	250 000 175 000	250 000 175 000	250 000 175 000
19	All Over 500 000 at 75%	2 813 394 2 110 046	2 813 394 2 110 046	2 813 394 2 110 046
20		3 313 394	None	203 000
21	Estimated Excess-Profits Tax		\$2 439 046	None
22	Normal Tax and Surtax			
23	Excess-Profits Net Income as Recomputed	8 658 093	128 000	811 000
24	Less: Excess-Profits Tax	2 439 046	None	123 450
25	85% of dividends received	452 633	-	-
26	Estimated Normal Tax and Surtax Net Income	5 766 414	128 000	687 550
27	Normal Tax:			
28	Corporations with net income slightly over \$25,000			
29	First \$ 5 000 at 15%			
30	Next 15 000 at 17%			
31	Next 5 000 at 19%			
32	Next 7 350 at 37%			
33	Corporations with net income over \$25,000			
34	Flat Rate 24%	1 383 939	30 720	165 012
35	Surtax:			
36	Corporations with net income slightly over \$25,000			
37	First \$ 25 000 at 16%			
38	Next 7 350 at 31%			
39	Corporations with net income over \$25,000			
40	Rate 31%	1 787 588	39 680	213 141
41	Estimated Normal Tax and Surtax		3 171 527	\$70 400
42	Estimated Federal Income and Excess-Profits Taxes per			
43	Page 1 of Exhibit 199	\$5 610 573	\$70 400	

16106

EXHIBIT 243 5913

PAGE

2

WITNESS WATKINS

STATEMENT OF ESTIMATED FEDERAL INCOME AND
EXCESS-PROFITS TAXES FOR THE TWELVE MONTHS ENDED
FEBRUARY 28, 1942. (BASED ON RATES PROPOSED IN
RECOMMENDATION BY SECRETARY OF TREASURY MORGENTHAU
ON MARCH 3, 1942
BEFORE THE WAYS AND MEANS COMMITTEE)

Michigan Gas			Indiana Gas			Total
Transmission Corporation			Distribution Corporation			Taxes
(H)	(I)	(J)	(K)	(L)	(M)	(N)
	\$811 000			\$36 000		
	<u>811 000</u>			<u>36 000</u>		
\$ 5 000			\$ 5 000			
603 000			23 700			
-			-			
-	603 000		-	23 700		
	<u>203 000</u>			<u>7 300</u>		
Net Income	Tax		Net Income	Tax		
20 000	10 000		7 300	3 650		
30 000	16 500					
50 000	30 000					
103 000	66 950					
	<u>203 000</u>			<u>7 300</u>		
	\$123 450			\$ 3 650		\$2 566 146
	811 000			36 000		
123 450			3 650			
-	123 450		-	3 650		
	<u>687 550</u>			<u>32 350</u>		
				750		
				2 550		
				950		
				<u>3 720</u>		
				6 970		
165 012						
				4 000		
				2 279		
	<u>213 141</u>					
	378 153			13 249		3 633 329
	<u>\$501 603</u>					<u>\$16 899 \$6 199 475</u>

Panhandle Eastern Pipe Line Company And Subsidiary Companies
 Note (1) Reconciliation Of Estimated Taxable Net Income
 For The Twelve Months Ended February 28, 1942
 Of Panhandle Eastern Pipe Line Company,
 As Shown On Pages 1 And 2 Of This Exhibit
 With The Estimated Taxable Net Income For The Year 1941
 As Shown By Pages 1 And 2 Of Exhibit 202

Line No.	(A)	(B)	(C)	(D)
1	The excess-profits net income of Panhandle Eastern Pipe Line Company is recomputed to give effect to the inclusion of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation had they have been subsidiaries of Panhandle Eastern Pipe Line Company during the entire twelve months ended February 28, 1942 and that the necessary financing of the cost of acquisition of these companies had been consummated on January 1, 1941. Details follow: Estimated excess-profits net income for year 1941 as shown by Pages 1 and 2 of Exhibit 202			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				\$7 350 000
16	Add — Increase in book net income before			
17	Federal income and excess-profits tax in			
18	the two months ended February 28, 1942 over			
19	the two months ended February 28, 1941			591 000
20	Estimated excess-profits net income for the			
21	twelve months ended February 28, 1942, be-			
22	fore recomputation			7 941 000
23	Adjustments:			
24	Additions —			
25	Dividends from Michigan Gas Transmission			
26	Corporation and Indiana Gas Distribution			
27	Corporation	\$532 500		
28	Interest income from Michigan Gas Trans-			
29	mission Corporation and Indiana Gas Dis-			
30	tribution Corporation	464 561		
31	Total additions		\$997 070	
32	Deductions —			
33	Additional interest expense resulting from			
34	issuance of \$10,000,000 principal amount			
35	of 3% bonds		279 167	
36	Net additions			717 903
37	Estimated excess-profits net income for			
38	twelve months ended February 28, 1942 as			
39	recomputed			\$8 658 903

Panhandle Eastern Pipe Line Company And Subsidiary Companies
 Statement Of Budget Items Included In Exhibit No. 205
 Federal Power Commission Combined Dockets G200 And G207
 Projects Approved in Year 1941 which were
 — Unfinished at the Dates Shown Below:

Line No.	Budget Item No. (A)	(B)	December 31, 1941 (C)	February 28, 1942 (D)
1		Panhandle Eastern Pipe Line Company		
2		Regular		
3	BP-32	Drill Wacker Well — Oklahoma	\$ 15 000	\$ 1 600
4	521	Compressor Units for Wells	1 400	1 000
5	523	Cathodic Protection Units	1 400	1 000
6	524	Independent Gravel Lateral	1 200	
7	556	Measuring and Regulating Stations	1 800	1 900
8	557R	Horizontal Condensate Separators	2 900	200
9	559	Chain Link Fencing	13 500	14 300
10	560	Compressor Station Yard Lighting	5 400	5 400
11	562	Hercules Powder Lateral	31 000	31 000
12	564	Greenfield, Indiana Lateral	3 400	1 300
13		Total—Regular	78 000	57 000
14		Expansion		
15	534	Tuscola Compressor Station	2 900	
16	543R	Haven Loop	75 200	
17	544R	Louisburg Loop	109 300	90 800
18	545R	Houstonia Loop	384 000	173 000
19	546R	Centralia Loop	587 500	237 800
20	547R	Mississippi River Crossing	128 100	113 000
21	548R	Pleasant Hill Loop	720 700	302 000
22	549R	Illinois River Crossing	113 400	112 000
23	550R	Glenarm Loop	579 500	307 700
24	551R	Tuscola Loop	224 400	211 900
25	552R	Michigan-North Line	2 338 200	1 819 500
26	553R	Michigan-West Line	1 571 000	1 539 000
27	561	Adrian, Michigan Lateral	30 800	29 300
28		Total—Expansion	6 863 000	4 936 000
29		Totals	\$6 941 000	\$4 993 000

Panhandle Eastern Pipe Line Company And Subsidiary Companies
Statement Of Budget Items Included In Exhibit No. 205
Federal Power Commission Combined Dockets G200 And G207

Line No.	Budget Item No (A)	(B)	December 31, 1941 (C)	February 28, 1942 (D)
1		Illinois Natural Gas Company		
2	67	Colesburg Lateral	\$ 119 000	\$ 90 000
3	68	Abingdon Lateral	35 600	33 600
4	69	Knoxville Lateral	2 100	2 100
5	70	Bloomington Lateral	254 300	254 300
6		Totals	411 000	380 000
7		Michigan Gas Transmission Corporation		
8	107R	Warehouse—Bluffton, Indiana	1 600	1 200
9	110	Compressor Station Addition — Edgerton, Indiana	20 000	1 000
11	114	Gas Scrubbers — Montezuma Compressor Station, Indiana	13 500	5 100
13	115	9 miles 6-5/8" Loop to Fort Wayne, Indiana	14 000	11 700
15	117	Measuring Station Facilities — Richmond, Indiana	6 200	2 100
17	119	Measuring Station Facilities — Greenfield, Ind.	2 700	1 900
19	120	Measuring Station Facilities — Lenawee Co., Michigan	21 200	—
21	122	Water Well Site — Zionsville Compressor Station, Indiana	1 800	—
23		Totals	81 000	23 000
24		Totals (Per Exhibit 204)	\$7 433 000	\$5 396 000

5319

[fol. 16110]

Agreement

Between

Columbia Gas & Electric Corporation

and

Panhandle Eastern Pipe Line Company

Dated February 5, 1942

[fol. 16111] This Agreement, made and entered into this 5th day of February, 1942, by and between Columbia Gas & Electric Corporation, a Delaware corporation (hereinafter called Columbia Gas), and Panhandle Eastern Pipe Line Company, a Delaware corporation (hereinafter called Panhandle Eastern),

Witnesseth:

Columbia Gas represents and warrants that it owns with power to sell the entire outstanding capital stocks and certain other indebtedness as hereinafter stated (such capital stocks, notes and other indebtedness being sometimes hereinafter referred to as the "holdings" of Columbia Gas), of the following companies to-wit:

44,800 shares of Common Stock, no par value, \$5,900,500, principal amount, of 6% Demand Notes, \$2,420,000, principal amount, of 6% Demand Loans, (open account) of Michigan Gas Transmission Corporation, a Delaware corporation; and 20 shares of Common Stock, no par value, \$126,000, principal amount, of 6% Demand Notes, \$15,000, principal amount, of 6% Demand Loans, (open account) of Indiana Gas Distribution Corporation, an Indiana corporation.

The Securities and Exchange Commission, by an order entered January 21, 1942, in the Matter of Columbia Gas & Electric Corporation, et al., has duly authorized the sale by Columbia Gas to Panhandle Eastern of the aforementioned holdings of Columbia Gas in Michigan Gas Transmission Corporation (hereinafter called Michigan Gas) and Indiana Gas Distribution Corporation (hereinafter called Indiana Gas) at the prices hereinafter provided for.

Columbia Gas agrees to sell and Panhandle Eastern agrees to purchase the entire aforementioned holdings of Columbia Gas in Michigan Gas and Indiana Gas on the terms and conditions set forth below:

(a) Delivery of, and payment of the first instalment for, such holdings of Columbia Gas shall be made at the closing to be held on February 6, 1942, at 9:30 A.M. at the office of City Bank Farmers Trust Company, 22 William Street, New York, N. Y., or at any proper adjournment thereof. (The date on which the closing is to take place is hereinafter sometimes referred to as the "Closing Date".) It is agreed that all right, title and interest of Columbia Gas in and to its aforementioned holdings in Michigan Gas and Indiana Gas will pass to Panhandle Eastern upon the payment of such first instalment and the making of such delivery all in the manner hereinafter set forth: Payment of such first instalment, the amount thereof being that set forth in paragraph (c) below, shall be made by certified or bank cashier's check payable, in New York Clearing House funds, to the order of Columbia Gas, against delivery (i) of said 44,800 shares of Common Stock, no par value, of Michigan Gas and said 20 shares of Common Stock, no par value, of Indiana Gas, duly endorsed in blank for transfer, with all proper stock transfer tax stamps thereto attached, (ii) said \$5,900,500, principal amount, of 6% Demand Notes of Michigan Gas and said \$126,000, principal amount, of 6% Demand Notes of Indiana Gas duly endorsed without recourse by Columbia Gas and (iii) assignments of said \$2,420,000, principal amount, of 6% Demand Loans (open account) of Michigan Gas and said \$15,000, principal amount, of 6% Demand Loans (open account) of Indiana Gas in the form of the form of assignment attached hereto as Exhibit A.

[fol. 16113] (b) The price to be paid by Panhandle Eastern for the aforementioned holdings of Columbia Gas in Michigan Gas and Indiana Gas shall equal the sum of (i) \$10,700,000, which is the amount of the investment of Columbia Gas in its aforementioned holdings of Michigan Gas plus (ii) \$142,000, which is the amount of the investment of Columbia Gas in its aforementioned holdings of Indiana Gas plus (iii) all undistributed surpluses of Michigan Gas and Indiana Gas (other than Special Capital

Surplus of Michigan Gas) at the close of business on February 5, 1942, minus (iv) \$103,500, such amount of \$103,500 being the undepreciated portion of an item of \$139,424 paid by the predecessor of Michigan Gas to an affiliated corporation and required by said order of the Securities and Exchange Commission to be excluded from the price to be paid by Panhandle Eastern to Columbia Gas in respect of Columbia Gas' holdings in Michigan Gas. Columbia Gas agrees that it will not, prior to the Closing Date, increase or reduce the amount of its investment in Michigan Gas or Indiana Gas. However, Columbia Gas expects that, on or before the Closing Date, Michigan Gas and Indiana Gas, respectively, will declare dividends in the amount of all Earned Surplus Since December 31, 1937, shown on unaudited balance sheets, as of December 31, 1941, annexed hereto prepared by Michigan Gas and Indiana Gas, respectively, payable in cash to Columbia Gas. Columbia Gas agrees that Michigan Gas and Indiana Gas, prior to the Closing Date, will pay no dividends out of surplus earned subsequent to December 31, 1941.

(c) The purchase price for the aforementioned holdings is to be paid in two instalments and there is to be an adjustment of the purchase price in accordance with the provisions of the next two succeeding paragraphs. The first instalment, to be paid on the Closing Date, is to be \$10,766,715.02, which amount is equal to the sum of (i) the amount of the investment of Columbia Gas in its hold-[fol. 16114] ings in Michigan Gas and Indiana Gas plus (ii) the amount of the Earned Surplus Prior to January 1, 1938, and Capital Surplus Prior to January 1, 1938, of Michigan Gas, minus (iii) the aforementioned amount of \$103,500. In addition to said first instalment, Panhandle Eastern agrees to pay to Columbia Gas, on or before the Closing Date, \$896.00 in respect of New York State taxes on the transfer of the aforesaid shares of capital stock of Michigan Gas and Indiana Gas. The second instalment, to be paid at the office of Columbia Gas & Electric Corporation, 61 Broadway, New York, N. Y., on or before the fifteenth day after the enactment of the Federal Revenue Act applicable to the 1942 incomes of Michigan Gas and Indiana Gas, is to be an amount which shall be equal to the net incomes of Michigan Gas and Indiana Gas for the

period January 1, 1942 to February 5, 1942, inclusive. It is agreed that the amount of the net income of such companies for such period shall be considered to be the sum of (i) the net income of Michigan Gas and Indiana Gas for the period January 1, 1942 to January 31, 1942, inclusive, plus (ii) 5/28th of the amount of the net income of Michigan Gas and Indiana Gas for the period February 1, 1942 to February 28, 1942, inclusive. Such net income for such periods shall be computed on the basis of proper accounting principles followed by Michigan Gas and Indiana Gas in computing their net income for the year ended December 31, 1941, as it will be reflected on the balance sheets to be certified to by Messrs. Arthur Andersen & Co., referred to in paragraph (d) below. It is agreed that any dispute between Panhandle Eastern and Columbia Gas as to the amount of such net income for such periods will be submitted to Messrs. Arthur Andersen & Co., independent public accountants, whose determination of the amount thereof will be final and binding upon Panhandle Eastern and Columbia Gas. The charges of Messrs. Arthur Andersen & Co. in respect of the determination of any such [fol. 16115] question will be borne equally by Panhandle Eastern and Columbia Gas.

(d) Messrs. Arthur Andersen & Co., independent public accountants, are presently engaged in making an examination of the balance sheets of Michigan Gas and Indiana Gas as of December 31, 1941, and the balance sheets of such companies as of that date, certified to by such accountants, will be available on or before the date when the second instalment on the purchase price is due. Columbia Gas agrees that on the date when the second instalment on the purchase price is due, it will pay to Panhandle Eastern any amount by which the dividends paid by Michigan Gas or Indiana Gas prior to the Closing Date, based on their unaudited balance sheets as of December 31, 1941, exceeds the amount of Earned Surplus Since December 31, 1937, shown on such certified balance sheets as of December 31, 1941. Panhandle Eastern agrees that on the date when the second instalment on the purchase price is due, it will pay to Columbia Gas any amount by which the Earned Surplus Since December 31, 1937, of Michigan Gas or Indiana Gas, as shown on such certified balance sheets

as of December 31, 1941, exceeds the amount of dividends paid by Michigan Gas or Indiana Gas prior to the Closing Date, based on their unaudited balance sheets as of December 31, 1941.

(e) Michipan Gas and Indiana Gas follow the practice of charging to their respective earnings and setting up on their respective books of account in accounts entitled "Accrued Taxes" amounts estimated to represent accrued liabilities for Federal and other taxes and, in addition, Michigan Gas and Indiana Gas follow the practice of charging to their earnings and setting up on their books of account in accounts entitled "Reserve For Undetermined Federal And Other Taxes" amounts estimated to be sufficient to meet any deficiency in their "Accrued Taxes" accounts. The amounts so accrued by [fol.16116] Michigan Gas and Indiana Gas are hereinafter sometimes referred to as the "Tax Provisions" of Michigan Gas and Indiana Gas. Columbia Gas is unable to state whether such Tax Provisions ultimately will be found to represent the actual tax liability of Michigan Gas and Indiana Gas, respectively, in respect of their operations prior to February 6, 1942, and, accordingly, an adjustment of the purchase price may be required when the actual tax liability in respect of such operations shall have been determined in order that the purchase price may represent the true investment of Columbia Gas in Michigan Gas and Indiana Gas at the date of the sale plus the respective undistributed surpluses of Michigan Gas and Indiana Gas at that date minus the aforementioned \$103,500. Therefore, Columbia Gas agrees that it will promptly pay to Michigan Gas or Indiana Gas (as the case may be) any amount by which the Federal or other taxes (including interest or penalties applicable thereto) paid by Michigan Gas and Indiana Gas, respectively, subsequent to the Closing Date, in respect of their respective operations prior to February 6, 1942, shall exceed their respective Tax Provisions as of February 5, 1942. Panhandle Eastern agrees that it will promptly pay, or cause Michigan Gas or Indiana Gas (as the case may be) promptly to pay to Columbia Gas any amount by which the respective Tax Provisions of Michigan Gas and Indiana Gas at February 5, 1942, exceed the Federal or other taxes (including in-

terest or penalties applicable thereto) paid subsequent to the Closing Date by Michigan Gas and Indiana Gas, respectively, in respect of their operations prior to February 6, 1942. Columbia Gas and Panhandle Eastern agree that Columbia Gas is to be responsible for the conduct and cost of and in the name and on behalf of Michigan Gas and Indiana Gas entitled to undertake and conduct all negotiations with tax authorities and any litigation concerning taxes of Michigan Gas and Indiana Gas in respect of their respective operations prior to February 6, 1942. Pan-[fol. 16117] handle Eastern agrees that it will cooperate with Columbia Gas and cause Michigan Gas and Indiana Gas to cooperate with Columbia Gas in working out a procedure whereby Columbia Gas will be able effectively to assume such responsibility and Columbia Gas agrees in the conduct of such matters, to cooperate and consult with Panhandle Eastern with respect to such phases thereof as may affect the tax liability of Panhandle Eastern itself.

(f) Panhandle Eastern agrees that it will cause Michigan Gas and Indiana Gas to give to Columbia Gas any and all requested consents which shall be necessary to authorize or permit Columbia Gas to file consolidated Federal income or excess profits tax returns in which will be included the taxes of Michigan Gas and Indiana Gas for the whole or any portion of the period of ownership of their outstanding stocks by Columbia Gas.

**COLUMBIA GAS & ELECTRIC
CORPORATION,**

By Walter C. Beckjard,

(Corporate Seal)

Vice President.

Attest:

Robert H. Delafield,
Assistant Secretary.

**PANHANDLE EASTERN PIPE
LINE COMPANY,**

By J. D. Creveling,

(Corporate Seal)

President.

Attest:

Leith V. Watkins,
Secretary.

[fol. 16118]

Form of Assignment

Know all Men by These Presents, that the undersigned, Columbia Gas & Electric Corporation, a Delaware corporation, in consideration of the sum of \$1 to it in hand paid by Panhandle Eastern Pipe Line Company, a Delaware corporation, receipt of which is hereby acknowledged, and of other good and valuable consideration, has assigned, transferred and set over and does hereby assign, transfer and set over unto said Panhandle Eastern Pipe Line Company; its successors and assigns, to it and their use and benefit, all the right, title and interest of the undersigned in and to all moneys owed on open account or otherwise, to the undersigned by Michigan Gas Transmission Corporation, a Delaware corporation, and Indiana Gas Distribution Corporation, an Indiana corporation.

In Witness Whereof, Columbia Gas & Electric Corporation has caused this assignment to be executed by its duly authorized officer and its corporate seal to be affixed this day of February, 1942.

**COLUMBIA GAS & ELECTRIC
CORPORATION,**

By
President.

Attest:

.....
Assistant Secretary:

[fol. 16119] MICHIGAN GAS TRANSMISSION CORPORATION

Balance Sheet as of December 31, 1941

Assets

Fixed Assets:	\$12,804,341 16
Current and Working Assets:	
Cash in Banks and on Hand	\$ 177,485 11
Accounts Receivable—Service	358,812 54
Accounts Receivable—Other	875,369 66
Current Amounts Due from Affiliated Companies	29,323 77
Inventories at Cost:	
Construction, Operation and Maintenance Materials and	

Prepaid Expenses:

Insurance	4,922 18
Taxes	187 16
Rents	1,048 79
Other Items	206 48

Total Current and Working Assets \$ 1,562,409 59

Special Funds \$ 13 00

Deferred Charges (primarily deferred rate case expense) \$ 42,953 87

\$14,409,717 62

LIABILITIES

Notes and Loans Payable to Columbia Gas & Electric Corporation (Parent Company):

Demand Notes—6%	\$ 5,900,500 00
Demand Loans—6%	2,426,000 00

Total Notes and Loans Payable \$ 8,320,500 00

Current and Accrued Liabilities:

Accounts Payable	\$ 1,090,729 74
Accrued Taxes	403,080 15
Current Amounts Payable to Affiliated Companies	7,866 69
Other Accrued Liabilities	1,970 14

Total Current and Accrued Liabilities \$ 1,503,646 72

Reserves:

Retirements	\$ 1,697,965 73
Injuries and Damages	18,216 86
Contributions for Construction	9,352 96
Contingencies—Undetermined Federal and Other Taxes	317,648 19
Other Reserves	2,591 01

Total Reserves \$ 2,045,774 75

Capital Stock and Surplus:

Common Stock (No Par):	
Authorized—60,000 shares	
Outstanding—44,800 shares	\$ 2,240,000 00

Surplus:

Special Capital Surplus	139,500 00
Capital Surplus Prior to January 1, 1938	26,662 76
Earned Surplus Prior to January 1, 1938	1,552 26
Earned Surplus Since December 31, 1937	132,081 13

Total Capital Stock and Surplus \$ 2,539,794 15

\$14,409,717 62

[fol. 16120] MICHIGAN GAS TRANSMISSION CORPORATION

Income Statement Year Ended December 31, 1941

Gross Revenues:	
Gas	\$5,527,664 76
Other Operations	130 00
Total Gross Revenues	\$5,527,794 76
Operating Expenses:	
Purchased Gas (Including expenses incidental thereto)	\$3,249,693 88
Transmission Expenses	341,250 11
Sales Promotion Expenses	8,069 93
General and Administrative Expenses	124,948 78
Miscellaneous Duplicate Charges—Credit	109,097 33
	\$3,614,865 37
Maintenance and Repairs	52,159 96
Provision for Retirements	366,785 40
Taxes Other than Federal Income	158,027 67
Provision for Federal Income and Excess Profits Taxes(1)	314,464 59
Total Operating Expenses	\$4,506,302 99
Net Operating Revenue	\$1,021,491 77
Other Income:	
Interest	\$ 227 42
Gross Corporate Income	\$1,021,719 19
Other Deductions:	
Interest on Notes and Loans	\$ 503,230 00
Interest—Other	12,769 04
Less: Interest Capitalized	4,178 67
Total Other Deductions	\$ 511,820 37
Net Income	\$ 509,898 82

Italics indicate red figures.

(1) Includes provision for excess profits taxes in the amount of \$91,756.60.

[fol. 16121] INDIANA GAS DISTRIBUTION CORPORATION

Balance Sheet as of December 31, 1941

Assets

Fixed Assets	\$197,956 95
Current and Working Assets:	
Cash in Banks and on Hand	\$ 11,781 26
Accounts Receivable—Service	29,548 94
Accounts Receivable—Appliance	769 74

Accounts Receivable—Other	1 75
Less—Reserve for Doubtful Accounts	3,936 36
Current Amounts Due from Affiliated Companies	422 35
Inventories at Cost:	
Construction, Operation and Maintenance Materials and Supplies	1,176 93
Gas Appliances	164 66
Prepaid Expenses—Insurance	283 99
Total Current and Working Assets	\$ 40,213 26
Other Deferred Charges	\$ 7 41
	<u>\$238,177 62</u>
Liabilities	
Notes and Loans Payable to Columbia Gas & Electric Corporation (Parent Company):	
Demand Notes—6%	\$126,000 00
Demand Loan—6%	15,000 00
Total Notes and Loans Payable	\$141,000 00
Current and Accrued Liabilities:	
Accounts Payable	\$ 1,553 67
Accrued Taxes	17,609 23
Customers' Service Deposits and Accrued Interest thereon	1,622 37
Current Amounts Payable to Affiliated Companies	27,606 05
Total Current and Accrued Liabilities	\$ 48,391 32
Reserves:	
Retirements	\$ 27,069 92
Injuries and Damages	8,977 78
Contributions for Construction	3,600 00
Contingencies—Undetermined Federal and Other Taxes	688 75
Other Reserves	473 28
Total Reserves	\$ 40,809 73
Capital Stock and Surplus:	
Common Stock (No Par):	
Authorized —10,000 shares	
Outstanding —20 shares	\$ 1,000 00
Earned Surplus Since December 31, 1937	6,976 57
Total Capital Stock and Surplus	\$ 7,976 57
	<u>\$238,177 62</u>

There are no known unrecorded Contingent Liabilities.
Italics indicate red figures.

[fol. 16122] INDIANA GAS DISTRIBUTION CORPORATION

Income Statement Year Ended December 31, 1941

Gross Revenues:	
Gas	\$395,617 28
Other Operations	663 74
Total Gross Revenues	<u>\$396,281 02</u>
Operating Expenses:	
Purchased Gas (including expenses incidental thereto)	\$320,215 53
Distribution Expenses	7,088 66
Customers' Accounting and Collecting Expenses	4,850 39
Sales Promotion Expenses	2,066 04
General and Administrative Expenses	3,419 21
Other Operating Expenses	274 90
Miscellaneous Duplicate Charges—Credit	776 32
	<u>\$337,138 41</u>
Maintenance and Repairs	1,980 35
Provision for Retirements	3,740 80
Taxes other than Federal Income	9,736 71
Provision for Federal Income and Excess Profits Taxes (1)	11,883 04
Total Operating Expenses	<u>\$364,479 31</u>
Net Operating Revenue	<u>\$ 31,801 71</u>
Other Income:	
Miscellaneous	<u>\$ 29 40</u>
Gross Corporate Income	<u>\$ 31,831 11</u>
Other Deductions:	
Interest on Notes and Loans	\$ 8,460 00
Interest—Other	73 44
Miscellaneous	17 63
Total Other Deductions	<u>\$ 8,551 07</u>
Net Income	<u><u>\$ 23,280 04</u></u>

Italics indicate red figures.

(1) Includes provision for excess profits taxes in the amount of \$2,522.31.

[fol. 16123]

Exhibit 246.

Panhandle Eastern Pipe Line Company and Subsidiary Companies.

Preliminary Determination of the Second Installment of Purchase Price to be paid to Columbia Gas and Electric Corporation Computed in Accordance with Provision (Paragraph (c)) of the Agreement Between Columbia Gas and Electric Corporation and Panhandle Eastern Pipe Line Company Dated February 5, 1942.

Amount equal to Net Incomes of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation (Before Adjustments Resulting from the Enactment of Federal Revenue Act applicable to year 1942). Period January 1, 1942 to February 5, 1942, Inclusive.

Michigan Gas Transmission Corporation

January	\$61,752 83	
February (5/28 x \$71,844.79)	12,829 43	\$74,582 26

Indiana Gas Distribution Corporation

January	\$ 2,358 32	
February (5/28 x \$2,920.04)	521 44	2,879 76

Total		\$77,462 02
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PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES

Line No.	Particulars (A)	Annual Amount (B)	Amount of Authorization included in expense year 1941								Total (K)	Amount Annual Authorize not ful Included Expense Year 19 (L)
			May (C)	June (D)	July (E)	Aug. (F)	Sept. (G)	Oct. (H)	Nov. (I)	Dec. (J)		
1	Pay roll increases authorized:											
2	Field employees of Panhandle Eastern Pipe											
3	Line Company and Illinois Natural Gas											
4	Company May 1 and July 1, 1941	\$ 22 800	\$1 600	\$1 600	\$1 900	\$ 1 900	\$ 1 900	\$ 1 900	\$1 900	\$ 1 900	\$14 600	\$ 8 200
5												
6	Employees of Michigan Gas Transmission											
7	Corporation July 1, 1941	22 800			1 900	1 900	1 900	1 900	1 900	1 900	11 400	11 400
8												
9												
10	Resulting from change of hours of work											
11	week - field employees Panhandle											
12	Eastern Pipe Line Company and Illinois											
13	Natural Gas Company	92 400				7 700	7 700	7 700	7 700	7 700	38 500	53 900
14												
15												
16	Emergency property protection											
17	Panhandle Eastern Pipe Line Company											
18	and Illinois Natural Gas Company	156 000								6 500	6 500	149 500
19	Michigan Gas Transmission Corporation	72 000										72 000
20												
21	Rate Case Expense:											
22	Combined annual amortization Panhandle											
23	Eastern Pipe Line Company and Michigan											
24	Gas Transmission Corporation											
25	(1/5 of \$350,000)	70 000			1 000	1 000	1 000	1 000	1 000	1 000	6 000	64 000
26												
27	Increased Cost of Employees Welfare and											
28	Pension Expense - Michigan Gas Transmission											
29	Corporation	30 000										30 000
30												
31	Totals	\$466 000	\$1 600	\$1 600	\$4 800	\$12 500	\$12 500	\$12 500	\$12 500	\$19 000	\$77 000	\$389 000

DIARY COMPANIES

CERTAIN INCREASED COSTS NOT FULLY
PRESENT IN INCOME ACCOUNT
(EXHIBITS 195 AND 196)
FOR YEAR 1941

Year 1941				Amount of Annual Authorization not fully Included in Expense Year 1941	Will be charged to Federal Power Commission Account	
Oct. (H)	Nov. (I)	Dec. (J)	Total (K)	(L)	(M)	(N)
900	\$1 900	\$ 1 900	\$14 600	\$ 8 200	759-111 Pumping Station - Labor	\$ 4 000
					759-21 Operation of Transmission Mains - Labor	4 200
900	1 900	1 900	11 400	11 400	759-111 Pumping Station - Labor	5 700
					759-21 Operation of Transmission Mains - Labor	5 700
700	7 700	7 700	38 500	53 900	759-111 Pumping Station - Labor	35 000
					759-21 Operation of Transmission Mains - Labor	18 900
		6 500	6 500	149 500	759-111 Pumping Station - Labor	86 000
				72 000	759-21 Operation of Transmission Mains - Labor	135 500
000	1 000	1 000	6 000	64 000	797 Regulatory Commission Expenses	64 000
				30 000	800 Employees Welfare Expense and Pensions	30 000
500	\$12 500	\$19 000	\$77 000	\$389 000		

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES

Line No.	(A)	Totals from "Consolidated Column" Page 1, Exhibit No. 195		Adjustments	
		(B)		Debit (C)	Credit (1)
1	Income				
2	Operating Revenues				
3	Gas	\$17 042 185 87			
4	Gasoline	735 077 94			
5	Miscellaneous	12 309 09			
6	Total Operating Revenues	17 789 572 90			
7	Operating Revenues Deductions				
8	Operations and Maintenance	3 829 611 53		\$389 000 (1)	
9	Depreciation (Including Amortization)	2 308 521 00			
10	Amortization and Depletion of Producing Natural Gas Land and Land Rights	90 177 06			
11	Abandoned Leases	74 685 45			
12	Amortization of Other Limited Term Gas Investments	332 142 69			
13	Charges in Lieu of Federal Income and Excess-Profits Taxes	823 881 49			
14	Taxes				
15	State, Local and Miscellaneous Federal	901 387 31			
16	Federal Income	2 009 068 72			\$ 48
17	Federal Excess-Profits	1 007 278 91			234
18	Total Operating Revenues Deductions	11 376 754 16		389 000	282
19	Net Operating Revenues	6 412 818 74		389 000	282
20	Other Income				
21	Interest Revenues	18 798 71			
22	Gross Income	6 431 617 45		389 000	282
23	Income Deductions				
24	Interest on Long-Term Debt	951 903 65			
25	Amortization of Debt Discount and Expense	27 486 70			
26	Other Interest Charges	18 818 68			
27	Interest Charged to Construction (Credit)	15 953 18			
28	Total Income Deductions	982 255 85			
29	Net Income	\$ 5 449 361 60		\$389 000	\$282

PRO FORMA CONSOLIDATED INCOME ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1941 (NOTE A)

<u>Adjustments</u>		<u>Consolidated</u> <u>(E)</u>
<u>Debit</u> <u>(C)</u>	<u>Credit</u> <u>(D)</u>	
		\$17 042 185 87
		735 077 94
		12 309 09
		<u>17 789 572 90</u>
\$389 000 (1)		4 218 611 53
		2 308 521 00
		90 177 06
		74 685 45
		332 142 69
		823 881 49
		901 387 31
	\$ 48 000 (2)	1 961 068 72
	234 000 (2)	773 278 91
<u>389 000</u>	<u>282 000</u>	<u>11 483 754 16</u>
389 000	282 000	6 305 818 74
		<u>18 798 71</u>
<u>389 000</u>	<u>282 000</u>	<u>6 324 617 45</u>
		951 903 65
		27 486 70
		18 818 68
		15 953 18
		<u>982 255 85</u>
<u>\$389 000</u>	<u>\$282 000</u>	<u>\$ 5 342 361 60</u>

[fol. 16126] Panhandle Eastern Pipe Line Company and
 Subsidiary Companies Note A to the Pro Forma
 Consolidated Income Account for the Year
 Ended December 31, 1941

This condensed pro forma statement of consolidated income of the company and its subsidiary, Illinois Natural Gas Company, and Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation has been prepared from the books of the companies (1) on the basis that the financing of the cost of the acquisition of the outstanding stock and indebtedness of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation resulted in annual interest costs of \$300,000, and which was consummated on February 6, 1942, had been effected January 1, 1941, that the interest expense applicable to obligations of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation to Columbia Gas and Electric Corporation, their then parent, would have aggregated the same amount had the Panhandle Eastern Pipe Line Company been the parent company and that dividends had been paid by Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation to the extent of their net income for the year and (2) after giving effect (a) to estimated increases in Federal income taxes, which would have resulted had such interest and dividends been paid by Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation, to Panhandle Eastern Pipe Line Company to the full extent of their net income and (b) to the inclusion of certain authorized increased costs, not fully included in expense for the year 1941.

[fol. 16127] Panhandle Eastern Pipe Line Company and
 Subsidiary Companies Adjustments
 Pro Forma Consolidated Income Account
 For the Year Ended December 31, 1941

(1)

Increase in Operation and Maintenance
 Expenses resulting from the inclusion
 of certain authorized costs not fully
 included in expense for year 1941

\$389,000

5938

(2)

Decrease in Federal income taxes and
Federal excess-profits taxes resulting
from reduction in Net Taxable Income
by the inclusion of the amount shown in
Adjustment No. 1

Federal Income Taxes

 $(389,000 \times 12.4\%)$

48,000

Federal Excess-Profits Taxes

 $(389,000 \times 60\%)$

234,000